Platform Cooperativism Consortium

INSTITUTE FOR THE COOPERATIVE DIGITAL ECONOMY

EXPLORING REGULATORY FRAMEWORKS TO PROMOTE AND GOVERN WORKER-PLATFORM COOPERATIVES IN KENYA'S RIDE-HAILING SECTOR

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Executive Summary

This study explores the regulatory framework promoting and governing worker-platform co-operatives in Kenya's ride-hailing industry. It focused on the role of government agencies, and the regulatory challenges and reforms required to catalyse the potential for platform cooperativism to improve ride-hailing sector governance and driver welfare. Using a qualitative research design, in-depth interviews were conducted with key stakeholders, including government officials, ride-hailing platform representatives, drivers, academia, and legal experts. The findings reveal diverse regulatory agencies and regulations in the co-operative and ride-hailing sectors. There are eight of the twenty-two government ministries, twenty-five state agencies and thirty-six related policies, laws and regulations that impact the promotion and development of worker-platform co-operatives in the ride-hailing sector. Four ministries – Ministry of Co-operatives and Micro, Small and Medium Enterprises (MSME) Development, Ministry of Roads, Transport and Public Works, Ministry of Information, Communications, and the Digital Economy, and Ministry of Labour and Social Protection – and their related agencies and laws, are at the core worker-platform co-operatives in the ride-hailing sector. The participants expressed regulatory gaps for the worker-platform co-operatives in the murky ride-hailing sector. These include non-explicit legal recognition of worker-platform co-operatives; unprotected e-drivers' property rights to co-operatively own and manage ride-hailing platforms; undefined labour rights and social protection for e-drivers within and without worker-platform co-operatives; limited knowledge of platform co-operative champions on public safety, security and law enforcement compliance in the ride-hailing sector; limited financial accessibility and taxation barriers for platform co-operatives; and, weak coordination stricture between two levels of government, ministries and agencies, and ride-hailing actors. In this regard, participants expressed reforms for a synergetic regulatory framework for worker-platform co-operatives in the ride-hailing sector. Required for a sys in platform cooperativism as a potential solution to improve income security, enhance collective bargaining power, and create a more equitable ride-hailing ecosystem. The study highlights a framework that addresses four areas. First, explicitly recognizes the platform co-op-

eratives based on clarity of laws, which are inclusively formulated and aligned with the county governments' laws. Second, supports locally developed and co-managed competitive ride-hailing platforms integrated with national digital systems. Third, define and establish accessible co-operative development funds and tax incentives; guide co-operative members on fair revenue distribution; support ride-hailing co-operative structures with other transport systems; and guide co-operative members on insurance and risk management. Fourth, guide co-operatives on their required unique democratic governance structure, provide capacity development and training initiatives and encourage intergovernmental and inter-county co-operatives' collaboration. This study contributes to the ongoing discourse on ride-hailing regulatory reform, and worker-platform co-operativism, providing insights for policymakers and stakeholders in the country's context.

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1. Introduction

The digital economy is growing in the world, and the emergence and evolution of corresponding digital labour platforms (DLPs) across various economic sectors – such as transportation – is transforming employment across countries for such platform workers as ride-hailing drivers (e-drivers) (Rahman &Thelen, 2019). E-drivers are among the 1.6 billion informal workers globally (ILO, 2020), 90% of whom are informal workers in developing countries (Bonnet et al., 2019), and 15 million informal workers in Kenya (KNBStats, 2019). E-drivers have emerged due to the digital economy and innovations that define the future of work (Berg et al., 2018; Jutting & Laiglesia, 2019; Schlemmer et al., 2020). E-drivers are a greater part of the impact of the growing digital platform or gig economies, as digital labour platforms (DLPs) such as ride-hailing-hailing platforms: create job opportunities and commodify labour with a sense of "freedom and flexibility" and "inclusivity and impartiality" (Anwar & Graham, 2022; Anwar et al., 2022; Anwar & Graham, 2021); make workers more productive and formalized (Lakemann & Lay (2019), enhance institutionalization of outsourcing and flexibilization of labour (Herrera et al., 2020; Conaty et al., 2018); and transform the future of work and facilitate the economic inclusivity of informal workers in the world (Rani et al., 2021).

In Kenya, there is an increasing dependency on expanding ride-hailing platforms (Wakhu & Bett, 2019; Weru & Mugo, 2020; Delaunay, 2021; Friedrich-Ebert-Stiftung, 2021). Okedi and Yano (2020) report that the ride-hailing sub-industry is valued at KES. 1.2 billion and is one of the fastest-growing industries in the country. Several ride-hailing platforms operate in the country, including Uber, Taxify, Bolt, and Little Cab (Wakhu & Bett, 2019; Weru & Mugo, 2020). Most of these platforms are investor-owned firms (IOFs), with many originating in the United States, China, and Europe (Wolff et al., 2019). These platforms have recorded many e-drivers' enrollments and their use in the country. For instance, "Bolt had more than 20,000 e-drivers in the country in 2019 (Bolt Blog, 2019). According to Technext (July 2023), Bolt has over 3.5 million drivers and couriers globally, with 28.5% of them in Africa, including 1 million in the continent.

"Uber," on the other hand, had 16,000 e-drivers in 2018 in Kenya (Alyaro, 2018), a number that had risen by about 31% and placed Kenya as the second biggest market for "Uber" in 2022 (CIO Africa, 2022 reports, August 5). In Kenya's Nairobi Metropolitan region alone (consisting of Nairobi City, Kiambu, Kajiado and Machakos Counties), there are approximately 20,000 e-drivers (Kiplagat, 2023).

Several studies have explored the ride-hailing ecosystem and challenges faced by e-drivers in Kenya. In the analytical study on the Employment Status of "Uber" Drivers according to the country's Labor Law, Wambaa (2018) observes that the labour rights of e-drivers are anticipated under Article 41 of the Constitution of Kenya (CoK). However, unlike UK laws, the country's labour law must be sufficiently established to properly categorize such platform workers. The study recommended the development of a legislative and regulatory framework to protect e-drivers.

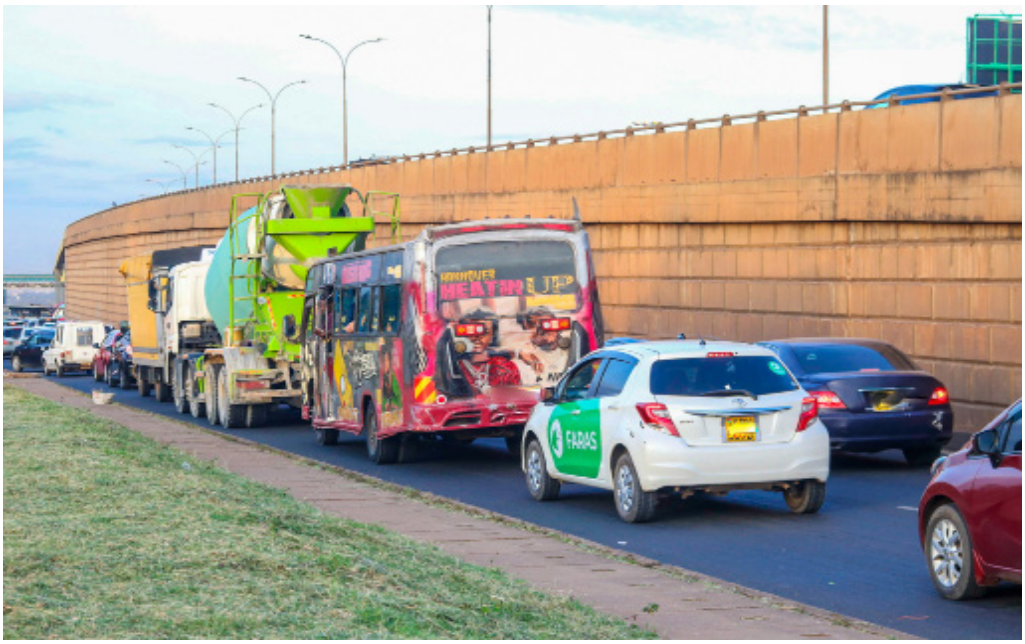

Figure 1: Ride-hailing branded vehicle on the road in Nairobi

In a survey conducted in Nairobi City, Kamais (2019) found out that there are emerging security risks for rideshare customers and e-drivers in the country – including cases of carjacking, robbery, burglary, abductions, sexual harassment,

and murders. The study recommends aligning the security laws to ensure the responsibilities of different actors, including the e-drivers.

An explorative survey of Friedrich-Ebert-Stiftung (2021) in Kenya, South Africa, and Tanzania indicates several miseries e-drivers face. First are the violent confrontations of platform riders with other traditional transport operators. Secondly, the systemic and structural challenges of platform capitalism include exploitative working conditions and insecurity. Mostly, e-drivers do not own but lease from other car owners. The e-drivers' business model has the driver, the car owner, and the digital platform owner, the value chain actors who often conflict. E-drivers have fragmented relationships, needing more visible and credible workers' organizations. Trade unions grapple with addressing these corrosive and dynamic exploitations in this political platform economy. The researcher recommends strategies for organizing drivers as workers, including worker co-operatives, worker centres, and online forums.

Anwar et al. (2022) conducted an in-depth study of 34 e-drivers, their representatives, and trade unions in South Africa and Kenya. They found that ride-hailing platforms—such as Uber and Bolt—misclassify drivers to avoid regulation and responsibilities towards workers' welfare. They recommend strategies and laws for accountability and collective bargaining.

In an in-depth interview with 42 e-drivers in Nairobi and a digital ethnography study, Anwar et al. (2023) identified strategies of resilience, reworking, and resistance among e-drivers in the country. First, some drivers are now getting around the ride-hailing platforms' problem of commission fee payment by seeking "off-app" trips – commonly referred locally to as "Go-Karura". Second, there are emerging drivers-led mobilisation and protest movements. This mirrors the findings by Anwar and Graham (2020) on the hidden transcripts in the gig economy study. Therefore, Anwar et al. (2023) recommend adequate regulatory frameworks and on-the-ground solidarity networks like worker-platform co-operatives to ensure decent working conditions and push back against vulnerability and precarity in the platform economy.

These study findings indicate a complex organizational ecosystem and capitalistic infrastructure ownership of ride-hailing platforms (Acs et al., 2021). As such, there is a capitalistic ride-hailing ecosystem in the country that has present skepticism about e-drivers' optimism in their work. The investor-owned firms' (IOF) platforms still intensify e-drivers' informality (Gurumurthy & Chami, 2020) and conceal and compound enduring injustices, inequities, and inequalities in labour hierarchies (Rodriguez et al., 2024). The large tech ride-hailing companies utilized by e-drivers have evolved into digital platform capitalism and monopolies (Papadimitropoulos, 2021; Gurumurthy & Chami, 2020; Micheli et al., 2020). The platforms are causing, among the e-drivers, notable pains of "precarity and vulnerability" and "injustices and inequalities" (Anwar & Graham, 2022; Anwar & Graham, 2021). International media like NBC News (2020, November 30) and Business Insider (2020, December 1) have equally highlighted the frustrations of e-drivers in the seemingly complex ride-hailing ecosystem in the country. These findings concur with other findings around the world, which found that e-drivers using IOF-managed platforms complain of strained working conditions (CECOP 2021); lack of social protections (Conaty et al., 2018); discrimination and exclusion (Rani et al., 2021); lack of transparency and voice (Borkin, 2019); obstacles to collective action and social representations (Bellini & Lucciarini, 2019).

For a fair digital economy for e-drivers, the nexus for researchers' recommendations is two-pronged: the platform "cooperativism" by e-drivers to foster solidarity and the inclusive regulatory framework interventions to protect e-drivers. In recent studies in Kenya, preference for trustworthy labour-platform management and greater worker autonomy (Matabi., et al., 2024a), and satisfactory working conditions, fair pay-profit distribution (Matabi., et al., 2024b) would trigger the e-drivers' willingness to form and join worker-platform co-operatives.

However, the regulatory framework should be enhanced for worker-platform co-operativism to be entrenched in the ride-hailing ecosystem. In emerging ride-hailing and platform co-operativism in Kenya, where there is an equally

compounded transitional political system – of both national and county government – developing such a regulatory framework should be iteratively managed (Matabi, 2018). Against this backdrop, this study was undertaken to establish how a collaborative and inclusive regulatory framework could be developed to effectively govern the ride-hailing sector and promote worker-platform co-operativism in Kenya.

Critics of worker cooperatives may point to the small size of the cooperative movement. Yet their impact is significant. The International Cooperative Alliance (ICA) is the main global organization for cooperatives. According to ICA, cooperatives make up "12% of humanity" and offer work opportunities to 280 million people worldwide, which is approximately 10% of the employed population. Globally, more people work for cooperatives than for unions, which have about 251 million members. Of the total cooperative workforce, only 11.1 million were worker-members, representing approximately 4% of the global cooperative workforce or 0.3% of the total 3.55 billion global workforce in 2022.

Despite their size, major international agencies such as the United Nations (UN) and the International Labor Organization (ILO) have recognized the contributions of cooperatives to social and economic development. The UN has declared 2025 the International Year of Cooperatives for the second time. The first time was in 2012. Unlike traditional firms that emphasize shareholder primacy, cooperatives prioritize member well-being. They are resilient and better equipped to withstand crises compared to traditional firms.

2. Literature

As the digital economy grows and generates platform work, ride-hailing is one of the most noticeable and impactful subsectors in the world. As such it equally attracts the attention of researchers in terms of understanding how platform workers like the e-drivers engage in the ecosystem and the outlook of emerging regulatory framework guideline engagements of the respective platform actors.

2.1 Ride-Hailing Ecosystem

The ride-hailing ecosystem is a complex system with different actors (Oviedo et al., 2021). Each of these actors plays a crucial role in the functioning of the ecosystem. Pasquali et al. (2022) conducted a qualitative study on a multi-faceted account of how "ride-hailing platforms, e-drivers, and riders are reshaping the mobility landscape in Accra, Ghana". The scholars observed how e-drivers depend on the broader ride-hailing ecosystem of actors (Figure 1).

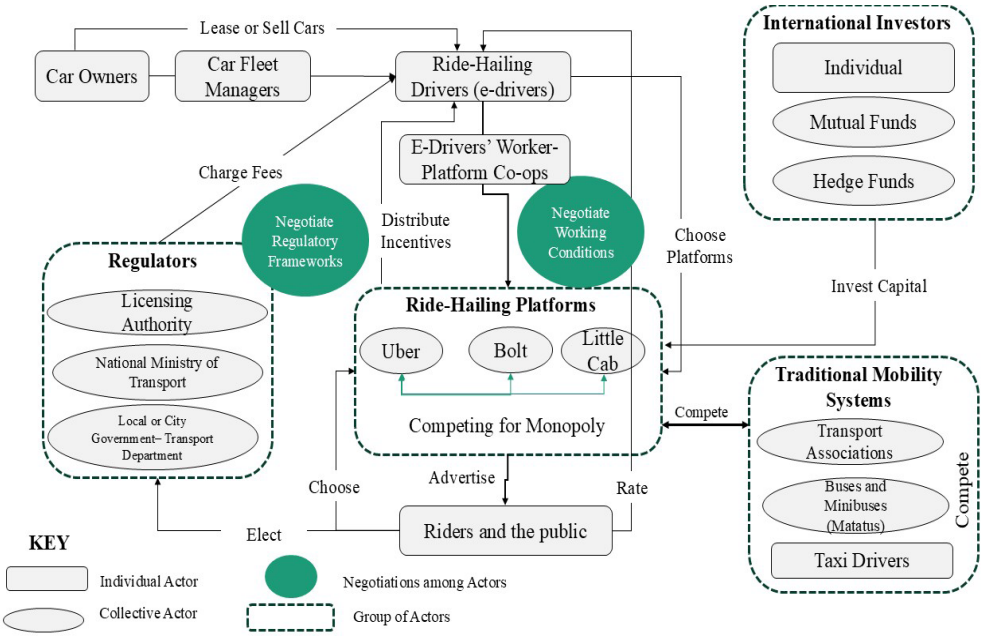

Figure 2: System of Actors Taking Part in the Transportation Sector. Source: Adopted from Pasquali et al. (2022)

The ride-hailing ecosystem illustrates four main groups of actors: regulators, platforms, traditional transport actors, and international investors. However, in some instances, actors in the same group can be very competitive, like the ride-hailing platforms. Significantly, actors depend on each other in relationships, and their balance can evolve according to changes in different parts of the system of actors.

For instance, the competition between ride-hailing platforms may result in negotiations for e-drivers' beneficial working conditions. The regulators' prospective decision to set a fixed price for rides may result in competition between platforms, and some platforms may depend on the volume of subscriptions for both e-drivers and riders. Moreover, asymmetries exist among these many actors regarding power and information diffusion. These asymmetries determine the actor's position and benefits in the system. For instance, local fleet managers evoke international investors or drivers to discuss car ownership issues. Ride-hailing platforms rely on local investments by drivers and car owners and the actions of regulators and traditional transport actors.

One area that affects e-drivers' beneficial participation in the ride-hailing ecosystem is the development and management of the ride-hailing platforms.

2.1.1 Ride-hailing Drivers' Co-operativism

E-drivers around the world are participating in different forms of platform co-operativism (Grohmann, 2022) to address their own "precarity and vulnerability" and "injustices" and "inequalities". They engage in various forms of collective actions and social representations to bargain for work satisfaction (Chatterton & Pusey, 2019), worker equality improvement and empowerment and data protection (Borkin, 2019; Bellini & Lucciarini, 2019; Spicer, 2020; Mannan, 2022), and workspace resiliency and transcendence (Borkin, 2019). Such objectives are in line with the 'fairwork' principles of fair pay, condition, contract, management, and representation as established and advocated for by Graham et al. (2020).

Trebor Scholz coined "platform co-operativism" to describe a co-operative model for the online platform economy (Scholz, 2018; de Peuter et al., 2022). Eum (2019) defined a platform co-operative as a collective worker-owned and democratically controlled computing platform business that uses the internet, a website, online platforms, and mobile applications to facilitate the sale of goods and services. Platform co-operativism has emerged (as a co-operative typology) to counter three natures of platform capitalism (Wegner et al., 2022; Cañada et al., 2023)

including the concentration of power in corporate governance and markets; the construction and exploitation of digital profiles and personae; and the cultivation of role and role-set conflicts by the blurring of user statuses (Mannan, 2022). Platform co-operativism presents an alternative model that addresses the socio-economic concerns related to platform worker rights, fair wages, and overall economic equality.

Some specific e-drivers' platform co-operatives include: "Yamuv" from West Yorkshire, UK (McCann & Yazici, 2018); Alternate Drivers" from Seoul, South Korea (Ji, 2020); "Eva" from Quebec, Canada (Mannan, 2020; Rani et al., 2021); Trip Rider from South Africa (Farouk, 2022); Co-op Taxi from Edmonton, Canada (Rijpens et al. (2023); and "Drivers' co-operative from New York City, United States (Parikh, 2023).

These co-operatives either take the form of "open platform cooperativism" (OPC) or "distributed co-operative organisations" (DisCOs) (de Peuter et al., 2022). DisCOs focus on ownership of the 'technology solution', harnessing tech's utility without being completely tech-centric. They create levels of ownership in direct relation to multi-members' contributions for three contribution streams: pro-bono production work, livelihood work, and care work (Troncoso & Utratel, 2020). Conversely, OPCs aim to facilitate broader socio-economic and political transformations by fostering a commons-centric and ethical economy. They are activated by networks of people who organize around a common goal, using shared resources and market-oriented entities that add value. They may rent the digital platform license (i.e., a 'CopyFair' license) from a friendly digital capitalist who may not be local but is willing to adjust to a co-operative-centric community (Papadimitropoulos, 2021).

These formations may emerge depending on the prevailing regulatory framework in the country's context.

2.1.2 Ride-Hailing Platform System

The ride-hailing platforms typically entail around three apps: a driver App, a rider App, and an administration App (de Peuter et al., 2022). Bühler et al.'s (2023) systematic review study contends that ride-hailing platform's network effects, dis-economies of scale, and lock-in effects increasingly lead to a concentration of digital resources and capabilities, hindering the accessible and equitable development of digital entrepreneurship and jobs by platform workers, making them suffer emotionally, and sometimes quitting the ride-hailing job. The scholars conceptualize a "co-operative as a pathway for data sovereign, innovative and equitable digital communities".

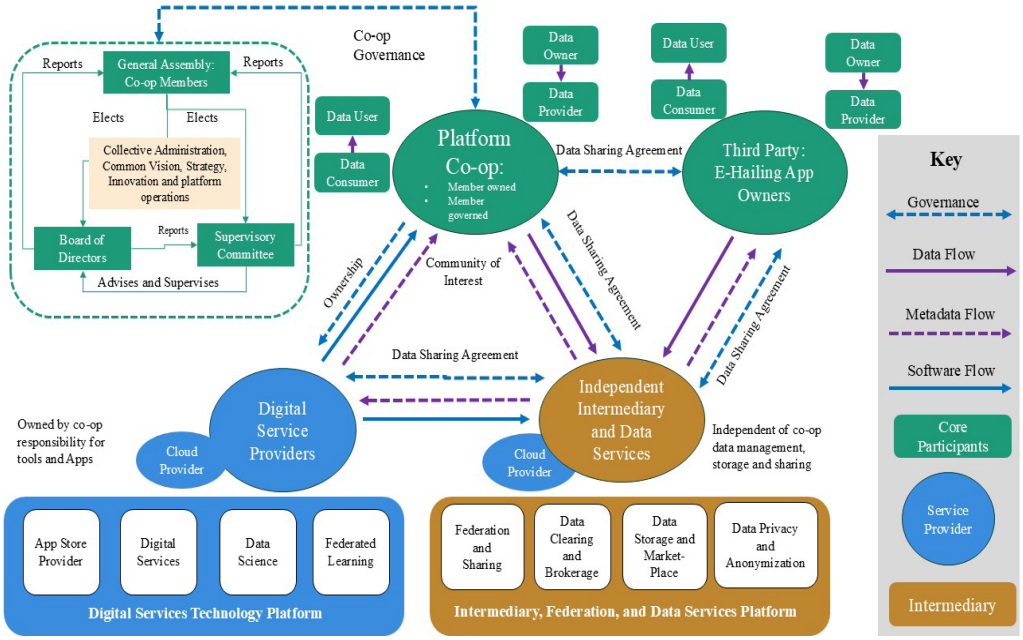

Figure 3: An Example of a Fair Platform Structure Management

The figure illustrates that organizationally structured and democratically operated worker-platform co-operatives are viable for secure, trusted, and sovereign data ownership and sharing while ensuring that platform workers, like e-drivers, are uninterrupted, resilient, and decentralized and thrive on digital governance and standards such as open trusted Application

Programming Interfaces (APIs) by digital service providers and owners.

As opined earlier by Graham et al. (2020), such a sense of organizational structuring could depict fairness in terms of the work process, including disciplinary practices; communication, with clear contact lines between e-drivers and a platform representative; transparency and accountability, concerning decision-making processes; the justifiable use of data with a clear purpose and only with explicit informed consent; and equity, which is cross-cutting and ensures no discrimination.

2.2 Ride-hailing's Regulatory Framework

A regulatory framework refers to a structured system of laws, regulations, and guidelines that govern specific activities, industries, or sectors. It ensures that entities operate within established legal boundaries, promoting transparency, accountability, and compliance with standards (Park, 2023). In the context of the ride-hailing sector and platform co-operatives, a regulatory framework would involve the laws, regulations, and policies that govern the operations of ride-hailing services while ensuring that worker-platform co-operatives involved in such sectors are compliant with legal standards, provide fair treatment to drivers, and offer quality service to passengers (Zengler & Wilson, 2023).

For platform co-operatives, the regulatory framework may address several:

- Worker rights and protections: Ensuring fair wages, benefits, and working conditions for drivers who are co-operative members.
- Consumer protection: Setting standards for drivers and passengers' safety, transparency, and service quality.
- Competition: Preventing anti-competitive practices within the ride-hailing market whether drivers' co-operatives own the ride-hailing platform or not.

- Data privacy involves protecting passenger and driver information, with regulations overseeing the collection and sharing of such data.
- Licensing and compliance: Outlining the necessary licenses or certifications required for both the ride-hailing platform and its co-operative members.
- Taxation: Defining tax application for co-operative earnings, driver incomes, and platform revenue.

2.2.1 Worldwide Outlook

Governments worldwide increasingly employ legislation to shape transactions, interactions, or employment relationships in the platform economy; the moves stimulate the emergence of platform co-operatives.

In December 2017, the European Court of Justice classified Uber as a transport services company instead of an intermediary, subjecting it to stricter regulation within the European Union (EU) (Bowcott 2017 as cited by Pentzien, 2020). Shortly after, New York City's mayor voted to pass legislation that would cap the number of ride-hail vehicles on its roads (Marshall, 2018, as cited by Pentzien, 2020). The UK's London City Government created the transportation law that revoked Uber's license, which led to the Cabfair Co-operative in London, UK (McCann & Yazici, 2018). The platform co-operative has about 10% of the 100,000 minicab drivers in the city using multiple-hailing platforms serving about 0.5 million riders, as it provides better conditions for the e-drivers. In France, the passing of the Projet de loi d'orientation des mobilités (Loi LOM) in 2019 ordered ride-hailing platforms such as Deliveroo or Uber to stipulate their social responsibilities through charters that would need to be signed by both the platform as well as their riders or drivers (Raffin 2019 as cited by Pentzien, 2020).

Aznar et al. (2018) study reveals that in some countries, like Japan, Germany, and Spain, the legal framework is pushing out or baring and deregistering some ride-hailing platforms, which exhibit some cases of ethical dilemmas and legal

non-compliance (Chee, 2018) is becoming an opportunity for the development of platform co-operativism. Puche (2019), in a comparative case study of Uber regulations in Mexico City and Bogota in Latin America, found that authorities are developing regulations towards new organizational structures to develop shared, automated, electric, and integrated mobility that could boost e-drivers' participation in platform co-operatives. In South Africa, Farouk (2022) notes that the Start-up Act Position Paper will affect platform co-operatives and other social enterprise start-ups in terms of funding. He adds that there is a need for a policy that provides for social impact incubators for emerging platform co-operatives. Grohmann's (2022) study on work-owned platforms, co-operatives, and collectives of platform riders noted that Brazil is increasing the number of platform co-operatives because of the evolving regulatory framework, given the country's reliance on the gig economy. Rodríguez (2023) implies that there is hope for platform co-operative laws in Costa Rica since Latin American countries like Brazil and Argentina have fully developed Social and Solidarity Economy (SSE) Laws under which platform co-operatives laws are budding to protect the labour rights of platform workers like e-drivers.

Sun et al. (2023) studied the impact of regulatory policy on the growth of ride-hailing platforms in China. A Chinese regulatory policy on the type of cars used on ride-hailing platforms poses significant challenges to the overall development of e-drivers. E-drivers will need a self-built fleet to overcome such policy risks and increase the platform's scale effect at both supply and demand ends. This could motivate e-drivers to form a worker-platform co-operative to devise a most suitable self-built fleet strategy that aligns with the policy and ensures the cost-effectiveness of the countermeasure for the e-drivers.

Parikh (2023), in his study on the policy framework for platform cooperativism, emphasizes that challenges associated with competing in digital markets will require innovative regulatory frameworks – strategy, policy, legal and regulatory – more generally, not just to benefit platform co-operatives. Such solutions may include antitrust and interoperability law, government loans and tax incentives, platform co-operatives' working group policy and legal provisions, cooperativism

exemption regulation, employee ownership legislation, city task forces, conditional bailouts, technological partnerships, and co-operative regulators.

In the study report on unlocking the power of digital commons, Bühler et al. (2023) recommended supportive harmonized regulatory frameworks that foster digital inclusion, open standards, and data governance and encourage platform workers to participate in platform co-operatives and foster an equitable platform economy. Specifically, regulatory frameworks should address trust and transparency, innovation and adoption, stakeholder engagement, data sharing and access management, data quality and standardization, governance and decision-making, technological infrastructure and scalability, education, and capacity building.

2.2.2 Theoretical Basis

The regulatory frameworks for ride-hailing worker-platform co-operatives, within the context of platform ecosystems, have been based on theories such as the Autopoietic Social Systems Theory (ASST).

Autopoietic Social Systems Theory (ASST) was founded in 1984 by German scholar Niklas Luhmann in his work "Social Systems". This was based on Chilean Humberto Maturana and Francisco Varela's biological systems works in the 1960s and 1970s dubbed "Autopoiesis and cognition: the realization of the living". Autopoiesis is a Greek word ("autos" =self, and "poiein" = to produce) meaning self-(re)production. Thus, autopoietic social systems are those that self-reproduce themselves from within (Berrisford, 2019; Koskinen & Breite, 2020). They imply legal, economic, and political systems. ASST has been adopted by modern sociological systems theory to explain the distinction between society and functionally differentiated social systems (Luhmann, 2004) (Figure 3).

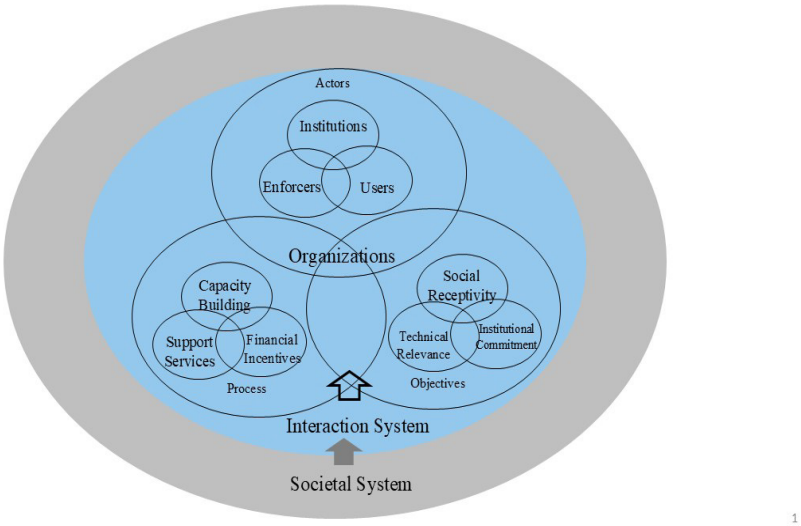

Figure 4: A Schema of Autopoietic Social Systems Theory. Source: Adapted from Luhmann (2004).

Luhmann (2004) defines a "social system" as the mass network of communication between people and defines society itself as an "autopoietic" system that is distinct from its environment. Social systems belong to societal systems, interaction systems and organizations. Societal systems include political, legal, and economic systems. However, they are considered closed with different interaction fields. The interaction systems reproduce based on co-presence rather than decision-making. Organizations are considered a network of components that also reproduce themselves. This includes Actors (in terms of bridging institutions, law enforcers, and users), objectives (in terms of social receptivity, technical relevance, and institutional commitment like in the platform ecosystem) and, processes (regarding capacity building, support services, and financial incentives) in the external societal environment (of other related sectors).

ASST has been studied subsequently in the context of legal autopoiesis. In her study on "autopoietic social systems theory (ASST) and the co-evolution of law and the economy," Lourenço (2013) concludes that the theory provides a

distinctive account of the interaction between regulations and contracts, based on a perspective of co-evolution. ASST introduces a view of the relationship between systems and their environment based on self-reference and self-reproduction. Each social subsystem is organized and maintained by its internal communications network without any direct reference to other social subsystems. This does not, however, mean a lack of interaction between the system and environment, for these are structurally coupled by mutual processes of codification, de-codification and re-codification that allow for cognitive openness among actors.

Rogowski's (2015) system review study report on autopoiesis of law opines that law is a unique communication system that reproduces itself in the self-referential processes of a social system. Legal communications, such as legal norms (policy and regulations), legal decisions (judicial rulings), or legal doctrine (the constitution), are central to the autopoiesis of the legal frameworks of a sector. The enabling regulatory frameworks operate with a binary code of law and nonlaw or legal and illegal, but ASST implies that such binary code itself is insufficient to create law. Such binaries must, first, be translated into legal programs; second, linked to managing expectations and dealing with disappointments of expectations; and third, operate with a specific combination of normative closure and cognitive openness. The essential characteristics of the autopoietic regulatory frameworks are the radicalization of the notion of legal autonomy explaining how autonomy is by internal processes and maintained over time through closure of the system and self-reference; and that it is "only law that can change the law" within societal context and understanding of the external environment, thereby reproducing itself through legal events and only by legal events".

The regulatory frameworks become positive and reflexive – autonomous, cyclic, self-produce, and reference (Luhmann, 2004; Lourenço, 2013; Rogowski, 2015). In this case, the autonomy of the regulatory frameworks implies that the circular relations between decisions and rules are the means the related law produces itself. The regulatory frameworks transform social actions into legally

relevant acts for the sectoral ecosystem. The circular production and reference of rules create the autonomy of the regulatory frameworks regarding other social systems. The regulatory frameworks' self-reference harmonizes with the positivity and formal rationality of related modern social systems for that sector.

This theory therefore holds that an inclusive and functional regulatory framework in a sector is developed based on two assumptions. First, is the trigger causality, where the organization will react to processes in the environment; therefore, the regulatory structures and processes will be designed to respond to events detected at the system boundary. Second, the structural coupling – where the regulatory framework will be structurally coupled to the societal context and therefore, the regulatory frameworks are "adjusted" in some way or other entities and activities in the societal contexts.

With the emergence of platform co-operatives, there are government efforts to develop regulatory frameworks in cognizance of digital economic system actors, in respective societal contexts. In Europe, North America (Tambini & Moore, 2021; Pentzien, 2020) and Asia (Scholz et al., 2021), there is increasing regulatory framework debate on several issues for promoting and strengthening platform co-operatives. Governments are striving to employ policies, legislations, and regulations to shape transactions, interactions, or employment relationships in the digital economy.

The experts from the Institute for Co-operatives in Digital Economy (ICDE) (Pentzien, 2020; Mannan, 2021; Parikh, 2023) and other international bodies on co-operatives, such as the International Labour Organization (ILO) (Saner et al., 2019), the United Nations Department of Economic and Social Affairs (UNDESA), and the Organization for Economic Cooperation and Development (OECD) (Rijpens et al 2023), have made several findings and recommendations on worker-platform co-operatives' regulatory frameworks.

These scholars depict the autopoietic approach the governments are applying to develop regulatory frameworks that catalyze the development and operation

of different worker-platform co-operatives by e-drivers. Therefore, this study was anchored on the ASST assumptions.

3. Materials and Methods

3.1 Research Design

This study adopted a qualitative research design using in-depth interviews to explore the regulatory framework governing the ride-hailing industry in Kenya and the potential role of drivers' platform cooperativism within this framework. A qualitative approach is particularly suitable for understanding the complexity of the regulatory environment, gaining insights into participants' experiences, and exploring the innovative concept of platform co-operatives (Cohen & Crabtree, 2020; Saunders et al., 2019).

The study followed a case study approach, which enables an in-depth understanding of a specific phenomenon within its real-life context (Yin, 2018). This approach is particularly useful for examining the dynamics of governance and regulatory frameworks in emerging sectors such as ride-hailing.

3.2 Sampling Technique

A purposive sampling strategy is employed to select participants who have substantial knowledge of the regulatory framework and the emergence of cooperativism in the ride-hailing industry. Purposive sampling is ideal for qualitative research when the goal is to focus on specific individuals who can provide rich, relevant information (Fusch et al., 2018).

The sample included:

- Government officials from national and county government ministries and

agencies who are responsible for promoting co-operatives and regulating the ride-hailing sector.

- Representatives from new and existing ride-hailing platform companies.
- Drivers' association leaders who are actively working in the ride-hailing sector, including those involved in co-operative or informal networks.
- Co-operative movement leaders from the national co-operative organizations, who offered insights into governance and co-operative models.
- Legal experts who have handled cases in the ride-hailing sector.
- The purposive selection of 18 participants (Appendix I) from these categories of stakeholders allowed for an in-depth exploration of the components, challenges, and reforms within the ride-hailing sector's regulatory framework.

3.3 Data Collection

Researchers collected data using semi-structured interviews. King & Horrocks (2018) justified this method for its flexibility, enabling detailed exploration of topics while ensuring interview consistency. Semi-structured interviews are particularly effective in obtaining rich, contextualized data from participants with diverse experiences and views on the ride-hailing sector's regulatory framework and platform co-operatives.

The interview guide included open-ended questions covering the following themes:

- Regulatory components: The landscape of existing ministries and agencies, policies, legislations, and regulations affecting the evolving ride-hailing

sector and emerging worker-platform co-operatives.

- Regulatory challenges: The existing regulatory frameworks and their adequacy in the promotion and strengthening of worker-platform co-operatives in the ride-hailing sector.

- Regulatory reform recommendations: Ride-hailing ecosystem actors' and co-operative stakeholders' stance on the feasibility of drivers' co-operatives as a disruptive governance alternative in the ride-hailing sector.

Interviews lasted 45-60 minutes, with some recorded and transcribed with consent.

3.4 Data Analysis

The data collected was analyzed using thematic analysis. According to Braun & Clarke, (2019), thematic analysis is a common method in qualitative research for identifying, analyzing, and reporting patterns within the data. The process of thematic analysis involved:

- Data familiarization involved repeatedly reading the transcripts.

- Data segments were coded by themes, highlighting regulatory challenges, worker-platform co-operativism, and policy suggestions.

- Theme development: Codes were categorized into broader themes that align with the research questions and the primary issues within the data.

- Interpretation: The themes are analyzed concerning the research questions and connected to current literature on ride-hailing regulation and co-operative governance.

NVivo14 software was used for thematic analysis to efficiently organize and code

qualitative data (QSR International, 2022). Dollah et al. (2017) state that NVivo can accommodate several data types, including MS Word documents, images, and social media data. Moreover, it worked with data from the English language and organized information using themes and cases. Furthermore, it helped to visualize project data.

3.5 Ethical Considerations

The study was approved by the institutional review board, and participants gave informed consent for interviews. Key ethical principles include:

- Participants were told their participation was voluntary and they could withdraw anytime.
- Confidentiality: All data collected was confidential, and participant identities were to be anonymized in the analysis and reporting of results.
- Non-maleficence: The study ensured that participation did not cause harm to the participants, either physically or emotionally (Guillemin & Gillam, 2020).

4. Findings and Analysis

The findings from the in-depth interviews with government officials, ride-hailing platform representatives, drivers, and policy experts revealed several significant insights regarding the regulatory framework governing Kenya's ride-hailing sector and the potential role of worker-platform co-operativism. Three main themes emerged from the data: regulatory scope; regulatory challenges; opportunities for worker-platform co-operativism; and government perspectives on reforms.

4.1 Regulatory Scope for the Ride-Hailing and Co-operatives Sectors

4.1.1 Constitution of Kenya (CoK, 2010) and Vision 2030

The development of co-operatives and the emergence of the digital economy in Kenya is hinged on the country's Constitution of Kenya (CoK, 2010) and Vision 2030. An officer from the Ministry of Co-operatives and Micro, Small and Medium Enterprises (MSME) Development, opined that:

> The essence of promotion and development efforts of co-operatives, in every sector including the ride-hailing subsector in the country, is embedded in our constitution and the vision 2030"(Interviewee 1, National Government Official).

The country's 2010 constitution provides the legal foundation for diversification of economic activities, including co-operative enterprises and digital businesses such as ride-hailing. Key constitutional provisions related to these sectors include:

- Articles 36 and 41 – Freedom of association and workers' rights, which allow drivers in the ride-hailing sector to form co-operatives or unions.
- Article 43 – Right to social and economic rights, which supports co-operatives and ride-hailing platforms in improving livelihoods.
- Article 174 – Promotion of local economic development, which co-operatives and digital businesses contribute to.
- Fourth schedule – Devolution of transport and co-operative development responsibilities to county governments.

On the other hand, Kenya's Vision 2030 aims to transform the country into a middle-income economy through economic, social, and political pillars. The ride-hailing and co-operative sectors align with this vision in several ways:

- Economic pillar: Encourages innovation, entrepreneurship, and job creation, which ride-hailing platforms and transport co-operatives support.
- Social pillar: Seeks to enhance mobility and accessibility through better transport infrastructure, where ride-hailing plays a key role.
- Political pillar: Promotes governance reforms that facilitate fair business practices, including regulations for ride-hailing operators.

A respondent from the Ministry of Roads, Transport and Public Works opined that:

> The ride-hailing subsector complements the enhancement of public transport and enhances mobility, contributing to Vision 2030's goal of improving urban planning. On the other hand, many youths – whether as individuals or co-operative associations – increasing in the ride-hailing subsector for employment and income generation, aligning with Vision 2030's job creation goal (Interviewee 3, National Government Official).

Notably, three government ministries directly affect the ride-hailing and co-operative sectors: the Ministry of Roads, Transport and Public Works; the Ministry of Information, Communications, and the Digital Economy, and the Ministry of Co-operatives and Micro, Small and Medium Enterprises (MSME) Development. They have several agencies and policies of policies, legislations and regulations affecting these sectors.

4.1.2 Ministry of Roads, Transport and Public Works

The Ministry of Roads, Transport and Public Works plays a critical role in addressing the emerging issues in the ride-hailing sector with several laws and regulations including the Traffic (Amendment) Act (CAP 403 of 2019), the National Transport and Safety Authority (NTSA) Act (CAP 404 of 2012). The respondent from the ministry stated that:

Under this ministry, several agencies are including National Transport and Safety Authority (NTSA) and Transport Licensing Board (TLB)…whose roles directly affect the ride-hailing sector and the direct players – especially the hailing companies, car owners, drivers, and passengers….the digital Transport Integrated Management System (TIMS) has streamlined and enhanced efficiency and safety in motor vehicle registration, licensing, and inspection processes in ride-hailing sector…..the three roads development authorities [Kenya National Highways Authority (KeNHA), Kenya Urban Roads Authority (KURA), and Kenya Rural Roads Authority (KeRRA)] also impact the work of the drivers given the vehicle maintainable expense they incur and reduces their profit margins (Interviewee 4, National Government Official).

The National Transport and Safety Authority (NTSA) oversees road safety, public vehicle licensing (including ride-hailing vehicles) through the Transport Licensing Board (TLB), and operational standards for transport services, including ride-hailing. It regulates safety standards, vehicle inspections, and the operational licensing of ride-hailing platforms and co-operatives. In 2022, NTSA developed Transport Network Companies (TNC) regulations (under Kenya Subsidiary Legislation Legal Notice No. 120, 2022) for Transport Network Companies, car-owners, drivers, and passengers under the NTSA Act of 2012 following the outcries of the e-drivers. The regulations were enacted to govern ride-hailing services by setting standards for operations, licensing, and commissions. They mandate that TNCs be registered companies, tax compliant, and have physical offices in Kenya. Significantly, they cap the maximum commission charged to

drivers at 18% per trip to prevent drivers' exploitation by TNCs. These regulations provide a structured legal framework for digital taxi services in Kenya. The regulations have had far-reaching effects on actors by lowering commission fees platform companies receive from drivers, increasing compliance costs the drivers must pay to meet strict vehicle licensing and operation, improving the protection of drivers from exploitation by the platform companies, and fair regulation inhibiting platform companies arbitrary setting of high or low fares.

4.1.3 Ministry of Co-operatives and Micro, Small, and Medium Enterprises (MSME) Development

The Ministry of Co-operatives and Micro, Small, and Medium Enterprises (MSME) Development in Kenya plays a pivotal role in fostering economic growth and social development by supporting co-operatives and MSMEs. The ministry has among others, a distinct State Department for Co-operatives, established under Executive Order No.1 of 2016, and State Department for Micro, Small, and Medium Enterprises (MSME) Development established under Executive Order No. 1 of 2023.

A government official highlighted that:

> The department is dedicated to developing policies that encourage the formation and growth of co-operatives in various sectors, including ride-hailing, offering training and resources to empower potential and actual members to form, manage and operate co-operatives effectively; and facilitating access to funding and financial services tailored for co-operatives to ensure sustainability. Currently, we have Uwezo and Hustler Funds which even the women and youth in the ride-hailing sector and co-operatives can access (Interviewee 1, National Government Official).

After the promulgation of the Constitution of Kenya (2010), the co-operative developed function was devolved to county governments. This resulted in the

reorganization of co-operative development roles between the national and the county governments. As such there have been concerted efforts to review the co-operative policies, legislation and regulations.

In 2020, National Co-operative Policy (Sessional Paper Number 4 of 2020), was developed. This policy lays the foundation to advance related worker-platform co-operatives. It recognizes, among others, the significance of transport co-operatives, the role of ICT in co-operatives, and worker-owned and youth-involvement co-operatives (GOK, 2020). In 2024, the Co-operative Amendment Bill (2024) – at the Senate – reinforces the responsibility of the Co-operative Commissioner and County Directors to ensure the growth, development, and regulation of co-operatives in the country (Kenya Parliament, 2024), besides developing county co-operative laws and intergovernmental relations, structuring and registering co-operatives, rights and obligations, governance of co-operatives, amalgamation and division of co-operatives, properties and funds, charges, inquiries, inspection and dissolution of co-operatives, co-operative tribunal and dispute resolution mechanisms.

Other key agencies and laws affecting ride-hailing under this ministry include:

- The Micro and Small Enterprises Act (CAP 499C of 2012) established the Micro and Small Enterprises Authority (MSEA) to support small-scale digital taxi operators and co-operative-based ride-hailing businesses.

- The Co-operative Alliance of Kenya (CAK) is the national apex body representing co-operative societies in the country. It promotes, develops, and protects co-operatives' interests across various sectors, including transport, finance, agriculture, and housing. Its efforts in the ride-hailing sector are seen in organizing ride-hailing drivers into co-operatives, allowing them to negotiate better terms with platform companies.

4.1 4 Ministry of Information, Communications, and the Digital Economy

The Ministry of Information, Communications, and the Digital Economy oversees policies related to ICT development, digital transformation, broadcasting, telecommunications, cybersecurity, and data protection in the country. This ministry has various agencies and laws that impact the ride-hailing platforms.

The respondent from the ministry stated that:

> We have 12 agencies in the ministry, but…. two of them are more direct to the ride-hailing sector: the Kenya ICT Authority which implements ICT standards and drives digital government strategies, and the Office of the Data Protection Commissioner (ODPC), which ensures compliance with data protection laws and safeguards personal data like those of the drivers. In terms of laws, we have 'Digital Economy Blueprint' and the Data Protection Act, 2022 in parliament (Interviewee 5, National Government Official).

In 2019, the country adopted the National Information, Communications and Technology (ICT) Policy and Digital Economy Blueprint. The two documents provide a framework to leverage digital business and employment in line with the goals set out in the country's Vision 2030 (ILO, 2023). The informal workers, the e-drivers, are part of developing a robust marketplace for the digital trade of services such as taxiing.

According to the Data Protection Act (No. 411 of 2019) which establishes comprehensive guidelines for handling personal data in the country, the respondent thinks that,

> The law has a significant impact on the ride-hailing sector. Ride-hailing platforms need to adopt more robust data protection measures, ensure

> fair pricing practices, and be subject to consumer protection laws that safeguard passengers and drivers. This law leads to greater competition, ensuring that all platform operators comply with a uniform regulatory standard, benefiting ride-hailing drivers and passengers through improved service quality (Interviewee 5, National Government Official).

Significantly, there are three sets of regulations developed for the digital sector under the Data Protection Act, which impact the ride-hailing sector. These include the:

- Data Protection (General) Regulations (Legal Notice 263 of 2021), which provide a comprehensive framework for the lawful processing of personal data, ensuring the protection of individual's privacy rights including data breach notification and cross-border data transfer.

- Data Protection (Complaints Handling and Enforcement Procedures) Regulations (Legal Notice 264 of 2021), which outlines how individuals can file complaints about data misuse and describes how the Office of the Data Protection Commissioner (ODPC) investigates and enforces compliance.

- Data Protection (Registration of Data Controllers and Data Processors) Regulations, (Legal Notice 265 of 2021), which require mandatory registration of data controllers and processors while setting conditions for licensing and obligations of registered entities.

Moreover, four other ministries were found to be impacting on the growth of the ride-hailing sector and consequently the emergence of driver-worker-platform co-operatives. These include the Ministry of Labour and Social Protection, the Ministry of National Treasury and Planning, and the Ministry of Security.

4.1.5 Ministry of Labour and Social Protection

The Ministry of Labour and Social Protection regulates employment practices, protects worker rights, and promotes safety and social security for drivers and workers in the ride-hailing sector.

A government officer opined that:

> The ministry has several agencies under several pieces of legislation and regulations that are significant to define and address the relationships of ride-hailing platform companies as a platform provider and the e-drivers as independent contractors, to ensure fairwork principles of fair pay, contracts, conditions and representations in the sector (Interviewee 6, National Government Official).

The examples of these policies, laws, regulations and agencies available to define e-drivers' jobs in the ride-hailing sector include:

- The Employment Act (CAP 226 of 2007) is the primary labour law in Kenya. It governs employment relationships, workers' rights, and employer obligations. The subsequent Employment (General) Rules (Legal Notice 28 of 2014) provide guidelines on employment contracts, wages, working conditions, termination, and dispute resolution. The Act affects how ride-hailing companies structure contracts with drivers and ensures compliance with labour laws. One critical agency under the Act is the National Labour Board (NLB), which advises the Cabinet Secretary for Labour on policies related to employment, labour laws, and workplace conditions.

- The Industrial Training Act (Act 3 of 2024) regulates the training of people engaged in industry. The National Industrial Training Authority (NITA) promotes skill development for workers such as drivers, including training programs that can enhance professionalism and service delivery in the ride-

hailing sector. NITA enforces five categories of industrial training regulations, including the Industrial Training (Trade Testing) Regulations (Legal Notice 100 of 2021) that are directly important for e-drivers, by governing the certification process for workers who complete industrial training programs.

- The Employment and Labour Relations Court Act (CAP 8E of 2011), establishes the Labour and Employment Court (LEC) to handle disputes arising from employment contracts, wages and working conditions, and workplace issues between ride-hailing companies and their drivers. It also provides mechanisms for the resolution of industrial disputes through conciliation, mediation, and arbitration.

- The Occupational Safety and Health Act (No. 15 of 2007) establishes the National Council for Occupational Safety and Health and provides for the safety, health and welfare of workers and all persons lawfully present at workplaces. To this Act is the newly introduced Social Health Insurance Fund (SHIF) which provides a broad spectrum of health benefits to contributors. The fund is pegged at a flat rate contribution of 2.75% of gross salary or wages, promoting equity among earners at different income levels.

- The National Social Security Fund Act (Cap. 258 of 2022) established the National Social Security Fund (NSSF) and regulates the mandatory contributions to the Social Security Fund for employees. Ride-hailing companies could contribute to the NSSF for their drivers, providing them access to retirement benefits and social security coverage.

- The Retirement Benefits Act (CAP 197 of 1997 Amendment of 2023) and the Retirement Benefits (Occupational Retirement Benefits Schemes) Regulations (Legal Notice 119 of 2000), which establishes a Retirement Benefits Authority (RBA) for the regulation, supervision and promotion of retirement benefits schemes, the development of the retirement benefits sector and for connected purposes.

4.1.6 Ministry of National Treasury and Planning

The Ministry of National Treasury and Planning has a dual role in managing the country's public finances and ensuring economic stability. Through various laws and agencies, the ministry impacts the ride-hailing sector as any other sector in the economy. A government officer stated that,

> One agency is critical for the ride-hailing sector. The Kenya Revenue Authority (KRA) is mandated with the tax collection role and ensures compliance with tax regulations for ride-hailing operators and drivers. KRA implement various laws and regulations that affect the ride-hailing sector in various ways (Interviewee 7, National Government Official).

Some of the laws and regulations include:

- Tax Procedures Act (CAP 469B of 2015) which harmonizes and consolidates the procedural rules for the administration of tax laws. Part I Provides guidelines for tax administration, which includes compliance measures for ride-hailing operators concerning filing returns and payment of taxes. Section 33 Allows the Kenya Revenue Authority (KRA) to conduct audits and reviews, which could include ride-hailing companies' financial records. This law is operationalized through various regulations that could affect the ride-hailing sector. They include the Tax Procedures (Tax Agents) Regulations, the Tax Procedures (Unassembled Motor Vehicles and Trailers) Regulations, the Tax Procedures (Tax Agents) Regulations, the Tax Procedures (Unassembled Motorcycles) Regulations, the Tax Procedures (Settlement of Tax Disputes Out of Court or Tribunal) Regulations, the Tax Procedures (Common Reporting Standards) Regulations and Tax Procedures (Electronic Tax Invoice) Regulations, 2023.

- Income Tax Act (No. 22 of 2022) which makes provision for the charge, assessment and collection of income tax. It governs their tax obligations, ensuring they comply with tax laws on income derived from the ride-hailing

service. Clause 3 defines taxable income, which affects ride-hailing drivers who need to declare their earnings. Section 12 discusses the taxation of income from business operations, including those from ride-hailing platforms.

- Value Added Tax (VAT) Act (No. 35 of 2013) provides for the imposition of value-added tax on supplies made in or imported into the country. Section 4 requires that ride-hailing companies register for VAT if their taxable turnover exceeds KES million per year, including charges for ride services. Section 5 outlines prescribed goods and services that are liable for VAT, affecting passenger fares and service fees charged by ride-hailing services.

- Excise Duty Act (No. 23 of 2015) provides for the charge, assessment and collection of excise duty. Section 3 discusses the imposition of excise duty on selected services, which can impact the fees charged by ride-hailing platforms.

- The Banking Act (Cap 488 as of December 27, 2024) which consolidates the Law regulating the business of banking in Kenya. It has sections related to mobile banking and payment systems: Impact mechanisms through which ride-hailing companies process payments.

- The National Treasury (National Payment Systems) Regulations (Legal Notice 109 of 2014), in which 'Regulation 5' outlines requirements for payment service providers, including the obligations for ride-hailing services in handling electronic payments and ensuring consumer protection.

4.1.7 Ministry of Interior and Coordination of National Government

The Ministry of Interior and Coordination of National Government is responsible for internal security, immigration, civil registration, and coordinating functions of the national government across the counties. A government stated that,

> As with any other economic sector, issues of safety and security are being reported in the ride-hailing sector by actors such as drivers, passengers, and even platform companies. Through our various agencies like the National Police Service (NPS) and Directorate of Criminal Investigations (DCI), and by being the main enforcer of the Traffic Act, NTSA regulations and other related laws, we are making sure that we mitigate and address those concerns, to ensure the growth of the sector (Interviewee 8, National Government Official).

Other laws under the Ministry of Interior and Coordination of National Government's laws and agencies that are critical to the ride-hailing sector include:

- The Computer Misuse and Cybercrimes Act (CAP 49C of 2018) addresses computer systems and data management offences relevant to protecting users' data and preventing fraud in ride-hailing applications.

- The Proceeds of Crime and Anti-Money Laundering Act (No. 9 of 2009) and (No. 9 of 2009) and the Proceeds of Crime and Anti-Money Laundering Regulations (Legal Notice 153 of 2023) which requires ride-hailing companies to implement anti-money laundering measures in their financial transactions.

- To enforce the above laws and those related to the Traffic (Amendment) Act (CAP 403) of 2019, the National Transport and Safety Authority (NTSA) Act (CAP 404 of 2012), and Transport Network Companies (TNC) regulations (under Kenya Subsidiary Legislation Legal Notice No. 120, 2022), which are under the Ministry of Roads, Transport and Public Works; the Ministry of Interior and Coordination of National Government has the following agencies that impact ride-hailing sector.

- The National Police Service (NPS), which ensures public safety and security, plays a crucial role in regulating and monitoring ride-hailing services to ensure compliance with local laws.

- Directorate of Criminal Investigations (DCI), which handles investigations related to crimes affecting the ride-hailing sector, including matters like fraud, vehicle theft, or assaults involving drivers or passengers. It also deals with Police Clearance Certificate to make sure drivers have no pending criminal records.

- The Department of Immigration Services (DIS) regulates the immigration status of foreign drivers and operators in the ride-hailing industry, ensuring they have the necessary work permits or visas.

- National Registration Bureau (NRB), which manages civil registration, including the issuance of identification documents, crucial for verifying the identity of drivers in the ride-hailing sector.

4.1.8 Ministry of Investments, Trade, and Industry

The Ministry of Investments, Trade, and Industry is responsible for promoting trade, industrial development, and investment growth. A government official

> The ministry through various agencies and laws impacts the ride-hailing sector through competition regulation, investment policies, and consumer protection. Specifically, it ensures more competition and fair pricing thereby preventing exploitation of drivers and customers; it promotes a better investment environment and encourages local ride-hailing platform companies; ensures stronger consumer rights for passengers from unfair charges or unsafe rides; and regulates digital contracts by preventing unfair ride-sharing agreements against the drivers (Interviewee 9, National Government Official).

Several laws and agencies in this ministry affect the ride-hailing sector including:

- The Competition Act (No. 12 of 2010) provides a framework to prevent anti-

competitive practices in the ride-hailing sector by addressing and prohibiting the abuse of dominant actors who exploit consumers or exclude competitors. Section 21(1) of the Act prohibits agreements between undertakings that have the object or effect of preventing, distorting, or lessening competition. This includes practices like price-fixing, market division, and bid-rigging. It established the Competition Authority of Kenya (CAK), which aims to promote and safeguard competition by prohibiting practices that prevent, distort, or lessen competition.

- The Investment Promotion Act (CAP 485B of 2004) and the Investment Promotion (Investment Registration and Certificates) Regulations (Legal Notice 1 of 2006) govern foreign and local investments, including the ride-hailing sector. It provides incentives to attract and register foreign companies and incentivizes local startups. It establishes the Kenya Investment Authority (KenInvest) to promote and facilitate local and foreign investment by preventing foreign monopolies from pushing out local operators and ensuring a stable investment climate in the digital transport sector.

- Standards Act (No. 23 of 2019) governs product and service quality standards in Kenya. First, the vehicle safety and roadworthiness standards require ride-hailing vehicles to meet KS 1515:2000 (Used Motor Vehicle Standards) before being licensed and used. Second, ensure that ride-hailing platform Apps meet digital platform compliances ISO/IEC 27001 (Information Security Management Standards), function properly, do not have security flaws, and provide accurate fare calculations. Third, ensure service quality and driver standards to protect passengers from poor service, reckless driving, or unsafe practices. Fourth ensure that vehicles are fuel efficient and adhere to carbon emission limits, hence encouraging the adoption of electric or hybrid vehicles in the sector. This Act mandates the Kenya Bureau of Standards (KEBS) which sets the quality standards for vehicles and associated services, which can impact the ride-hailing industry regarding vehicle safety and compliance.

- The Trade Descriptions Act (No. 15 of 2003) governs and protects service misdescriptions that may mislead consumers about the nature, quality,

or quantity of their offerings. It prevents misleading claims about service features or availability. It ensures that ride-hailing services meet regulatory, and safety standards as claimed, reducing consumer deception; platforms update pricing policies and inform users of any changes in a timely and transparent manner; users understand service quality standards and dispute resolution procedures; advertisements for ride-hailing services are truthful, clear, and not deceptive.

- Consumer Protection Act (No. 46 of 2012), safeguards consumer rights by ensuring fair trade practices and ride-hailing platform companies meet fair standards of quality, safety, and transparency. The platforms should ensure fair pricing and transparency, provide safe and reliable services, not advertise "cheap rides" that end up being more expensive than the customer expected, or misrepresent other features of their services, provide clear guidelines for handling customer complaints and disputes, ensuring timely resolution, clearly state their cancellation and refund policies so that customers are aware of their rights. Moreover, the drivers should not be bound by unfair service agreements with ride-hailing companies, such as mandatory arbitration clauses that could disadvantage the drivers.

4.1.9 Ministry of Devolution and Arid and Semi-Arid Lands (ASALs)

The Ministry of Devolution and Arid and Semi-Arid Lands (ASALs) under the State Department for Devolution, is responsible for coordinating devolution processes, and managing the affairs of the devolved county governments. They support through policy formulation, capacity support and intergovernmental relations. County Governments are mandated under the 4th schedule of the Constitution of Kenya (2010), with responsibilities for both transport (including the ride-hailing sector) and co-operative development.

This constitutional schedule is operationalized under the County Governments Act (No. 17 of 2012). This law outlines the governance structure of counties

in Kenya. It provides a framework for devolved governance and can be used to implement country-specific regulations for sectors like ride-hailing, co-operatives, and business activities.

The law establishes the Council of Governors (CoG), which represents the interests of county governments and works closely with the Ministry of Devolution and ASALs to coordinate matters like devolution, governance, and development at the county level. The CoG could play a role in regulating the ride-hailing sector, as counties may have specific regulations regarding transport and co-operative development services.

A government official said:

> Nairobi City County Governor has publicly advocated for improved fair wages for taxi drivers, highlighting concerns about low earnings from ride-hailing services……we have the authority to implement additional by-laws or policies in alignment with NTSA regulations to address local issues in the ride-hailing sector, such as parking and designated pick-up and drop-off zones to manage traffic flow and enhance safety, ….imposing fees to generate revenue for infrastructure development or regulatory enforcement, …..initiating welfare programs to support driver welfare, including training and safety measures (Interviewee 10, County Government Official).

Based on such an approach by the county governments to impact the ride-hailing sector, county governments apply the same to promote and develop co-operatives by aligning with the existing national laws and the constitution.

In conclusion, these government ministries, their agencies, policies, laws, and regulations provide a governance framework for actors' labour relationships, compliance on digital business operation integrity, competition, investment, trade, financial and tax responsibility, consumer protection, safety, and security in the ride-hailing.

4.2 Regulatory Challenges for Platform Co-operatives in the Ride-Hailing Sector

The study found various agencies and laws to govern various issues of the ride-hailing sector and platform co-operatives. However, the study found various regulatory challenges affecting the development of platform co-operatives in the ride-hailing sector.

4.2.1 Legal Recognition of Worker-Platform Co-operatives

The study found a lack of a defined legal structure for platform co-operatives. The Co-operative Societies Act under the Ministry of Co-operatives and MSMEs Development does not explicitly define platform co-operatives, making it difficult for driver-owned and operated worker-platform co-operatives. Moreover, in the current state, ride-hailing co-operatives fall between transport, ICT, and co-operative laws, thus creating regulatory confusion.

A representative from the co-operative apex body said,

> There is a lack of co-operativism recognition by ride-hailing platforms as emphasis to deal with individual drivers rather than collectives. Most drivers prefer to operate independently, hindering co-operatives from gaining strong bargaining power. This shows deepening our co-operative identity enough in line with the UN and ICA call (Interviewee 13, Co-operative Apex Body Official).

A representative from the co-operative training institution said,

> There is limited understanding by the policymakers on worker and platform co-operatives. Currently, we are in providing partnering with

> some institutions from the United States of America, United Kingdom, Canada, and Germany (See Appendix III) to train students here at the university on the concepts of worker platform co-operatives, where they are somehow ahead and even their legal and regulatory frameworks are somewhat flexed compared to ours in supporting this type of co-operatives. Given our history, we hope to catch us soon (Interviewee 18, Academia Representative).

The existing co-operative laws have rigid membership and decision-making structures emphasizing one-member, one-vote systems. This could not align with digital platform governance, especially when members contribute unequally to the platform co-operatives.

Second, there was a conflict identified between the National Transport and Safety Authority (NTSA) transport licensing and co-operative laws.

A representative from the co-operative apex body said,

> Such conflicts in laws result in weak enforcement of regulations we are witnessing– and so, even if the drivers' formed cooperatives, we are not sure if they are co-operatives in strictest forms" (Interviewee 13, Co-operative Apex Body Official).

NTSA under the Ministry of Roads, Transport and Public Works primarily regulates Public Service Vehicles (PSVs), but ride-hailing platforms operate as technology firms. There is no special ride-hailing co-operative category within the NTSA licensing framework. It is therefore difficult to register platform co-operatives that rely on digital infrastructure, and not physical businesses, raising questions about legal identity, taxation, and compliance.

4.2.2 Digital Infrastructure Ownership and Management

The study found data ownership and algorithm transparency issues in ride-hailing platforms. The Ministry of Information, Communications, and the Digital Economy and the Office of the Data Protection Commissioner (ODPC) under the Data Protection Act (2019) do not have clear regulations on data sharing between ride-hailing platforms and drivers. Ride-hailing platforms control driver data, limiting transparency in pricing and commission fees, since they do not encourage driver-shareholding or management. Drivers have no property rights in the digital infrastructure ownership and management of ride-hailing platforms.

Moreover, there was still unfair ride-hailing platform competition among the over ten ride-hailing platforms – licensed transport network IOFs – in the country. A driver association leader opines that,

> The Competition Authority of Kenya (CAK) under the Ministry of Trade & Investments does not regulate anti-competitive practices by foreign ride-hailing companies. International and established ride-hailing platform companies like Uber and Bolt (formerly Taxify) still use predatory pricing to try and push new and local platform companies out of the market. Some of these companies have more market penetration, larger client bases, and foreign capital backing (Interviewee 15, Ride-Hailing Association Official).

Another driver association leader acknowledged that,

> The co-operative-based ride-hailing platforms require clear regulations on the ownership, management, and sharing of user data, under Kenya's Data Protection Act (2019). Moreover, ride-hailing platforms require strong cybersecurity policies to prevent fraud and data breaches.

> Furthermore, the co-operative will require robust interoperability of payment systems to guarantee seamless integration of mobile money platforms (e.g., M-Pesa, Airtel Money) and banking services into ride-hailing transactions. We still do not have the level of digital knowledge neither can we afford to employ digital experts (Interviewee 14, Ride-Hailing Association Official).

Therefore, drivers have remained sceptical of entirely developing and owning their ride-hailing platforms but have found a way to engage and negotiate fair terms with existing platform companies.

4.2.3 Labor Rights and Social Protections for Drivers

The study found that there was still a lack of formal labour protections for e-drivers, even if they formed platform co-operatives that do not own the ride-hailing platform. A driver association leader stated that,

> The majority of drivers still face several challenges that may still curtail their participation in platform co-operatives because of their unclear classification by the laws (Interviewee 14, Ride-Hailing Association Official).

Specifically, the Employment Act (CAP 226 of 2007) defines employment relationships but does not specifically cover platform economy workers. Ride-hailing platforms argue that drivers operate as independent business owners who use the App to connect with customers, rather than as direct employees. The Labour Relations Act (CAP 233 of 2007) provides the right to cooperate or unionize, but independent contractors face difficulties forming recognized trade unions. The NTSA Regulations (Legal Notice No. 120 of 2022) require ride-hailing companies to obtain licenses and set commission limits, but they do not change the employment status of drivers.

The adverse implications of e-drivers' independent contractor status, coupled with the fact that ride-hailing platforms are not legally recognized as employers, exacerbate the challenges in forming and operating platform co-operatives:

- There are no guaranteed minimum wages as the drivers earn based on demand and commissions taken by the ride-hailing platforms. Coupled with commission fee deductions that continue affecting driver earnings, their economic participation in co-operatives dwindles.

- Social Protection Exclusion: Many ride-hailing drivers are excluded from social protection initiatives such as affordable health insurance (the Social Health Insurance Fund [SHIF]), pension schemes (the National Social Security Fund [NSSF]), or work injury benefits due to gaps in labour laws. This could stifle planned welfare programs by the co-operatives for members.

- Negative campaigns against collective bargaining and negotiation power by the drivers through platform co-operativism who are considered independent contractors slow the momentum of promotion and the formal establishment of platform co-operatives that address their fair working conditions.

Moreover, there were unfair working conditions and arbitrary deactivation of the driver from the platforms, when deemed to have broken the contract. There are no clear mechanisms for dispute resolution. A driver association leader stated that,

> Drivers using offline trips, boycotting card payments, or shifting platforms face suspension, leading to job loss or reduced, delayed incomes. They remain exploited upon returning to either platform. Hence, e-drivers, individually, remain mere pawns of ride-hailing platforms in the ecosystem that are not committed to compliance with fairwork principles (Interviewee 15, Ride-Hailing Association Official).

The Ministry of Labour and Social Protection does not regulate ride-hailing

platform deactivations, leaving drivers vulnerable to unfair terminations. But in one reported incident, a lawyer from the Law Society of Kenya shared a case in which an individual driver had a case of reaction successfully addressed,

> In October 2023, a significant judicial decision impacted Kenya's ride-hailing sector, particularly concerning the rights and treatment of e-drivers. The Transport Licensing Appeals Board (TLB) ruled against Bolt, a prominent ride-hailing company, in favor of driver Kennedy Wainaina Mbugua. The board found that Bolt had violated the Transportation Network Companies (TNC), Owners, Drivers, and Passengers Regulations, 2022, by deactivating Mbugua's account without due process and exceeding permissible commission charges (Interviewee 17, Legal Experts Representative).

Bolt was ordered to pay Mbugua KES 1,008,000 for 168 days of lost work due to deactivation, at KES 6,000 per day. The board also ordered Bolt to promptly reinstate Mbugua's access to its platform and refund any withheld earnings. Bolt must set up a physical office in Kenya by November 3, 2023, per NTSA regulations, or risk having its operating license suspended.

However, the general agreement is that drivers indicate that dispute resolution mechanisms in case of conflicts between the individual drivers and the respective platforms are not easy if you do not have a lawyer and sometimes can take a long time.

4.2.4 Public Safety, Security and Law Enforcement Compliance

The study found continued security risks for e-drivers and riders. Worker-platform co-operative champions still have limited knowledge and capacity to address public safety, security, and law enforcement compliance concerns in the ride-hailing sector. The Ministry of Interior and National Coordination oversees law

enforcement, but there is no clear security framework for ride-hailing operations. Reports indicate high risks of carjackings, theft, and violence against drivers. A driver association leader narrated that,

> Safety and security cases scare women away, especially with some ride-hailing platforms. We have cases of passengers being robbed at gunpoint, and the thugs commanding them to book the ride; when the drivers arrive to pick up the passenger, they carry the thugs…. unfortunately, most of the time, when such incidences are reported, little is borne out of it…. we still not have enough knowledge and capacity to address such monumental issues as association which mostly are legally costly and time-consuming (Interviewee 16, Ride-Hailing Association Official).

This revealed a lack of a national ride-hailing security policy to address such issues. The sector players are taking their initiatives on safety and security. A representative of a ride-hailing platform company said,

> We have taken it upon ourselves to make sure that our platform is safe and secure for both drivers and passengers, and that is why our platform, based on its features, still has a larger clientele base and is preferred for use at night (Interviewee 12, Ride-Hailing Platform Company Official).

Additionally, legal action against digital fraud and crimes was delayed. A driver association leader revealed that,

> Many drivers oppose interference in their digital wallets. There were also cases of riders' fake and unverified identity accounts that endanger drivers' safety…. we also have reports of foreigners, such as Nigerians and Burundians as taxi owners and drivers. Such individuals curtail our efforts of association development (Interviewee 14, Ride-Hailing Association Official).

The Computer Misuse and Cybercrimes Act (2018) does not cover platform-specific crimes like fraudulent ride payments. The Department of Criminal Investigation (DCI) take a long to conclusively manage such reported cases; while the Department of Immigration Services (DIS) could be doing less in addressing issues of illegal immigrants as drivers in the industry.

4.2.5 Financial and Taxation Barriers for Platform Co-operatives

The study found limited funding accessibility for worker-platform co-operatives. Because of the legal recognition challenge, there were no specific funding programs for platform co-operatives. The Co-operative Development Fund (CDF) focuses on conventional co-operatives such as agriculture, financing and housing, not digital-organized models.

A representative from the co-operative apex body said,

> Platform co-operatives are new, and likely to change the course of cooperativism in the country, with attraction to the youth. However, driver co-operative associations struggle to access funding for vehicle purchases or driver support programs. It is unclear to us how they can benefit from such a fund given the social identity and fluidity of their members (Interviewee 13, Co-operative Apex Body Official).

Conventional co-operative financing, such as loans from the Co-operative Bank of Kenya or Kenya Union of Savings and Credit Co-operative (KUSCCO), may not be well-suited for worker-platform co-operatives, which require venture capital or tech-based funding models.

Compliance costs in ride-hailing were found to be significant enough to deter e-drivers from forming a worker-platform co-operative. A driver association leader revealed that,

> There are significant compliance costs in ride-hailing laws that hinder the creation of driver-owned platform co-operatives. For instance, meeting NTSA and required KEBS roadworthiness standards increases taxes and costs for vehicle importation. Co-operatives may be required to obtain costly PSV (public service vehicle) licenses and commercial insurance, creating financial burdens that hinder the inclusion of driver members. Meeting 'consumer rights rules' when ensuring fair treatment, pricing transparency, resolving disputes in the complex digital ecosystem, and continuous business description requirements under 'trade description laws' could result in additional operational costs" (Interviewee 14, Ride-Hailing Association Official).

Another driver association leader stated that,

> Even if we were contemplating micro-franchising a ride-hailing platform from outside the country, we noticed that under the 'investment laws', the investment threshold of KES 100 million for an Investment Certificate for small foreign investors, was high. So even as a co-operative, we will struggle to compete with international companies, even with investment incentives (Interviewee 16, Ride-Hailing Association Official).

Those interested in worker-platform co-operatives were likely to face high startup costs for platform development, legal registration, and operations.

Additionally, incentives for green transport that could be a catalyst for platform co-operatives, are lacking. A driver association leader noted that,

> There are no subsidies or incentives from any government agency for electric-vehicles (EV) based ride-hailing platform drivers. Such initiative if developed for drivers in co-operatives, would highly stimulate the formation of the platform co-operatives (Interviewee 15, Ride-Hailing Association Official).

The high import duties on electric vehicles (EVs) prevent the stimulation of ride-hailing co-operatives for the country's adoption efforts of sustainable transport models.

Moreover, there are unfavorable tax regimes that could affect the platform co-operatives. In Kenya, there are always annual finance laws, with which clauses amending the Income Tax and Value Added Tax (VAT) laws. This often includes changes that directly impact tax obligations for platform companies, co-operatives and individuals in the ride-hailing sector.

A representative from a ride-hailing platform company stated that,

> In 2022, we filed a court case against the Kenya Revenue Authority (KRA) and developed digital service tax regulations as well as VAT regulations to impose additional taxes on commission fees, which had been capped at 18% by NTSA. This had a major impact on our revenue from the Kenyan market and hurt the Kenyan market prioritization for investment. If this were the case for us, how much could the worker-platform co-operatives, even with investment incentives? (Interviewee 11, Ride-Hailing Platform Company Official).

Double taxation risks could affect platform co-operatives, taxing them as both businesses and individuals. Unlike platform companies, corporate taxes, VAT, and digital service taxes (DST) remain challenging. First, the drivers and co-operative members lack the financial literacy needed to navigate platform-based earnings, co-operative dividends, and tax compliance. Second, the numerous tax regimes could affect revenue-sharing models for platform co-operatives, among member-workers; and pose complex tax obligations for platform co-operatives, especially in the absence of clear tax relief mechanisms.

4.2.6 Coordination Structure Between Ride-Hailing and Co-operative Sectors

The study found misunderstandings in Kenya's devolved government system of transport and co-operative development functions for drivers across counties. There is a weak coordination structure for the government promotion and development of worker-platform co-operatives. A driver association leader stated that,

> Drivers who would wish to form a co-operative are confused about which county laws they would adhere to in case there are contradictions. Most drivers here are in what we refer to as the Nairobi Metropolitan Region, which consists of four counties - Nairobi City, Kiambu, Machakos and Kajiado counties. A driver stays in Kiambu, Machakos or Kajiado Counties but most of his ride-hailing job is in Nairobi City County. This poses serious issues on which county government's laws the drivers will follow, hence some opting to manoeuvre and engage individually (Interviewee 14, Ride-Hailing Association Official).

Moreover, there is no integration between ride-hailing services and public transport. A driver association leader stated that,

> We must navigate multiple laws, including NTSA regulations to keep going (Interviewee 16, Ride-Hailing Association Official).

The Ministry of Road, Transport and Public Works does not have policies linking ride-hailing co-operatives with matatus or train networks, hence no official recognition of ride-hailing as part of public mobility services. Additionally, multiple agencies beyond NTSA regulate the ride-hailing ecosystem; and their lack of coordination leads to conflicting policies and enforcement.

Furthermore, there has been notable stakeholder resistance and opposition

to regulatory changes that favour streamlining the ride-hailing sector and promotion of platform co-operatives, fearing a reduction in profits and loss of market share. On the other hand, drivers have filed lawsuits against platform companies to address fair work principal issues, as stipulated in labour laws, ICT regulations and NTSA regulations.

A lawyer from the Law Society of Kenya opined that,

> There have unprecedented court cases between stakeholders in the ride-hailing sector. I am not so sure if driver-platform co-operatives in their early stages could navigate such legal issues arising from their operations (Interviewee 17, Legal Experts Representative).

In Kanuri Limited and 34 Others v. Uber Kenya Limited KEHC 6507 (KLR) (Civil Suit 356 of 2016). In this case of 2016, 34 Uber drivers filed a lawsuit against Uber Kenya Limited, alleging that the company breached their contract by unilaterally reducing fares, which adversely affected their earnings. Uber's Kenya rates started at USD 0.54 per kilometer, with a minimum fare of USD 2.71. Under the original agreement, Uber Kenya Limited retained a 25% cut of overall profits from each ride. But in 2016, Uber reduced the minimum rate per kilometre to USD 0.32 and the minimum fare to USD 1.81 per trip. This abrupt change made the drivers unable to earn profits as Uber drivers and maintain vehicles purchased to adhere to Uber standards. Uber Kenya contended that the contracts were with Uber B.V., a Netherlands-based entity, and sought to distance itself from liability. However, in 2021, the High Court of Kenya recognized the intricate relationship between Uber Kenya and Uber B.V., allowing the case to proceed, as it found that Uber Kenya and Uber B.V. were interconnected. In 2022, it was ruled that Uber Kenya could be held liable for the claims made by the drivers. Although the court did not issue a ruling on the drivers' specific claims related to fare reductions and contractual breaches. This decision affirmed the legal standing of Uber Kenya as a local entity in the Kenyan market, despite Uber's international structure, allowing drivers to pursue grievances locally.

In "Uber BV v Transport Licensing Appeals Board; National Transport and Safety Authority & 2 others (Interested Parties) (Judicial Review E063 of 2023) [2023] KEHC 22538 (KLR) (Judicial Review) (22 September 2023). Uber claimed that the new NTSA 2020 regulations were unconstitutional, discriminatory, discouraging foreign investments and infringing on its rights and those of its riders and partners. The court reviewed whether the NTSA's regulations were reasonable, lawful, and aligned with Kenyan constitutional principles, especially concerning freedom of business and economic rights; and eventually dismissed it, in its entirety. NTSA is at the core of the ride-hailing sector.

In Wambua v Uber Kenya Limited & 2 others (Miscellaneous Application E004 of 2022) [2022] KEELRC 4866 (KLR), delivered on September 29, 2022, the Employment and Labour Relations Court (ELRC) addressed an application brought by the applicant, Wambua, who was seeking legal recourse in a labour-related matter involving Uber Kenya and two other parties. – seeking whether drives are independent contractors or employees.

These cases revealed gaps in the regulatory framework of the ride-hailing sector. Platform co-operatives in their early stages may not navigate such legal issues arising from their operations. As such, the promotion, success, and sustainability of worker-platform co-operatives are doomed to fail from the onset.

4.3 Regulatory Reform Recommendations

The study established several suggestions from the participants on how an ideal regulatory framework could be developed for the successful promotion and development of platform co-operatives in the country's ride-hailing sector. To create a driver-centered, co-operative-friendly regulatory framework in the ride-hailing ecosystem, the participants shared four broad suggestion categories. They include policy and regulatory framework, technological and digital infrastructure, financial and economic sustainability, and governance and institutional strengthening.

4.3.1 Policy and Regulatory Framework

Legal Recognition

The government should formally recognize worker-platform co-operatives within the Co-operatives Act (Cap 490) and other relevant laws to ensure they have the same rights and protections as traditional co-operative models. The Ministry of Co-operatives and Micro, Small and Medium Enterprises (MSMEs) Development, through the State Department of Co-operatives (SDC) and Co-operative Alliance of Kenya (CAK), should spearhead policy adjustments and law amendments to accommodate these co-operatives within the existing framework.

A representative from the co-operative apex body said,

> There is a serious need to encourage driver co-operatives and unions for collective bargaining in the ride-hailing sector (Interviewee 13, Co-operative Apex Body Official).

When the worker-platform co-operatives develop and run their ride-hailing platforms, the National Transport and Safety Authority (NTSA) should introduce a co-operative-friendly licensing framework to develop a special licensing category for them.

Regulatory Clarity

There is a need to develop clear and comprehensive regulations for promotion and the development of worker-platform co-operatives. The regulations should outline operational, governance, and labour standards for worker-platform co-operatives in the ride-hailing sector. This will help resolve disputes over fare pricing, licensing, and operational guidelines.

An officer from the Law Society of Kenya opined that,

> With the evolving digital economy, the biggest work is to harmonize for clarity, the relevant regulations that affect ride-hailing sector players. Co-creation of the regulations on ICT and data, vehicle and service standard, labour relations, consumer protection, worker-platform co-operativism among others (Interviewee 17, Legal Experts Representative).

A representative from a ride-hailing platform company stated that,

> We have been in legal battles with e-drivers. In the process we waste money and time. Developing clear regulations on driver protection, representation and engagement with us is important (Interviewee 12, Ride-Hailing Platform Company Official).

The agencies should help in establishing clear contractual frameworks for standardized contractual agreements for drivers, car owners, and platform co-operatives under the Employment Act, 2007, to avoid exploitative terms and conditions.

An officer from the Law Society of Kenya stated that,

> I have seen some pieces of legislation in USA and UK, and an area that I am following keenly at is how labour laws should be amended to re-classify platform workers like drivers as "dependent contractors", a middle ground between employees and independent workers, to grant them basic labour protections, like platform companies' mandatory contribution for their drivers to social and health funds -National Social Security Fund (NSSF) and Social Health Insurance Fund (SHIF) (Interviewee 17, Legal Experts Representative).

Furthermore, there was a common view on two things. First, there is a need

for clear laws on establishing a hybrid labour classification that protects driver rights, while ensuring access to social security and pension schemes and fair treatment and while maintaining platform flexibility. Second, need for clear laws to implement grievance resolution mechanisms for ride-hailing drivers and their co-operatives when seeking redress for social protections without unfair deactivations or losing work flexibility.

Inclusive Policy Formulation

In developing, amending and co-creating the policies and laws to support the promotion of worker-platform co-operatives in the ride-hailing sector, key relevant stakeholders in the ride-hailing sector – including the regulators led by NTSA, platform companies, drivers, car owners, passengers and co-operatives. All the main and other regulatory bodies (see Appendix II) whose mandate, policies and laws affect the ride-hailing sector should be engaged in co-creating policies that support worker-platform co-operatives.

A driver association leader stated that,

> Involving the drivers and their co-operatives in policy discussions will ensure that our concerns about earnings, work conditions, and unfair contracts of deactivations are adequately addressed (Interviewee 15, Ride-Hailing Association Official).

Alignment with County Government Laws

> County governments should integrate worker-platform co-operatives into local urban mobility policies and issue supportive regulations under the County Governments Act, 2012.

A governmental official reiterated that:

> County governments with cities and towns like Nairobi City, should endeavour co-creating policies and laws in alignment with NTSA regulations to improve the transport sector, including the emerging ride-hailing subsector (Interviewee 10, County Government Official).

Significantly, the regulatory reforms should include protection for platform workers, similar to labour laws seen in the European Union and US-California's Proposition 22.

4.3.2 Technological and Digital Infrastructure

Platform Development

The Kenya Investment Authority (KenInvest) in collaboration with the Ministry of Information, Communications, and the Digital Economy should promote and facilitate the development of locally owned ride-hailing platforms by willing platform co-operatives. Locally developed ride-hailing platforms should have features that guarantee trustworthy management.

A driver association leader said that,

> Kenyans, including e-drivers, have a higher affinity toward foreign products and services. We perceive them as better than our locally developed ones. This is why ride-hailing firms like Bolt and Uber dominate our market…. The government should urgently address these issues by encouraging the development of local ride-hailing platforms (Interviewee 16, Ride-Hailing Association Official).

There is a need for regulatory frameworks that facilitate financing, technical support, and regulatory approvals for e-driver platform co-operatives to collectively own and operate ride-hailing services, where need be.

Data Ownership and Protection

The Ministry of Information, Communications, and the Digital Economy should work with ride-hailing co-operatives to ensure data sovereignty. The drivers' co-operatives should be encouraged to partly own and manage ride-hailing platforms. This could enable them to prioritize drivers' well-being, fair compensation, low service fees and data protection and increase local revenue.

A driver association leader continued by saying,

> However, some of us feel that the versions of these popular international-based Apps are unfriendly and customized differently for our African market, hence their exploitation of the market and failing to comply with fair competition principles (Interviewee 16, Ride-Hailing Association Official).

The Office of the Data Protection Commissioner (ODPC) should ensure compliance with the Data Protection Act, 2019, by giving platform co-operative members control over their data and preventing exploitative data practices through stringent privacy policies.

A government official emphasized,

> Requirement and enforcement of transparent data-sharing and portability policies so drivers through co-operatives access their ride data from any platform while strengthening data privacy laws for ride-hailing platforms. The driver should have data access rights, allowing them to view ride history and earnings analytics (Interviewee 5, National Government Official).

On the other hand, drivers also believe that they should be allowed through a co-operative to acquire a portion of shareholding in the ride-hailing company to

enable them to get dividends. A driver association leader said that,

> Yego Mobility entered our market and committed to sharing its 10% dividends with a Savings and Credit Co-operative for e-drivers. It offers a safety net for e-drivers with access to medical insurance and motor-vehicle long-term leases or higher-purchase (Interviewee 15, Ride-Hailing Association Official).

Integration with National Digital Systems

The worker-platform co-operatives and ride-hailing platforms should connect with the government's 'eCitizen' platform and the 'Huduma Kenya' initiative to integrate co-operative members into national digital financial and identification systems for ease of transactions and verification. This will also ease driver-member accessibility to financial services.

Moreover, the official from the Ministry of Interior and National Coordination believes that the integration of ride-hailing platforms and co-operatives with national digital systems will help the government in their role of cybersecurity and fraud prevention. A government officer said,

> There is a need to enforce the Computer Misuse and Cybercrimes Act, of 2018, to safeguard driver-members and their co-operatives against digital fraud, identity theft and cyberattacks (Interviewee 8, National Government Official).

This approach should also be applied in creating a national ride-hailing database, developing a National Ride-Hailing Security Policy with mandatory security features (driver/rider verification, emergency alerts), and enforcing real-time police support for ride-hailing safety issues.

Fair Algorithmic Practices

The Competition Authority and Communications Authority of Kenya (CAK) should oversee and advocate for transparent ride-matching algorithms to prevent unfair treatment of drivers.

A driver association leader suggested,

> Government implementation of algorithmic transparency and fair AI governance rules to prevent algorithmic discrimination in ride-hailing pricing, commission limits and driver ratings. For this to be effective, there should be driver co-operative representation or driver-led advisory board in platforms' pricing decisions (Interviewee 14, Ride-Hailing Association Official).

Moreover, the Competition Authority of Kenya's oversight role should be strengthened to prevent monopolistic pricing by capitalistic ride-hailing platforms.

4.3.3 Financial and Economic Sustainability

Access to Capital

To address the significant startup and operational expenses that hinder many drivers from establishing worker-platform co-operatives, the State Department of Co-operative (SDC) should formulate and implement financial support mechanisms for these co-operatives. A representative from the co-operative training institution said that,

> The Co-operative Bank of Kenya should lead in developing low-interest loan products for affordable car financing models through a special co-

> operative-backed funding program or government treasury guarantees, for platform co-operatives (Interviewee 18, Academia Representative).

Moreover, a driver association leader confirmed the need to establish a government-backed co-operative fund, for even platform co-operatives, by suggesting that,

> Like the Platform Co-operative Development Fund (PCDF) in the UK, the government should commit to establishing a fund that supports the development of platform co-operatives. The fund structure will also offer not just financial but also advisory services for those looking to set up or grow platform-based co-operatives (Interviewee 15, Ride-Hailing Association Official).

SDC should provide government subsidies or grants to help worker-platform co-operatives meet the compliance costs required by the different regulators in the ride-hailing sector.

Furthermore, SDC should also promote public-private partnerships (PPPs) that financially support drivers' platform co-operatives development. Such partnerships should include Savings and Credit Co-operatives Societies (SACCOS), other banks, or fintech companies for tailored financial products. The platform co-operatives should also be encouraged and supported in crowdfunding options.

A representative from the co-operative training institution added that,

> The Kenya Investment Authority (KenInvest) under the Ministry of Investments, Trade, and Industry and Investment Promotion Act (CAP 485B of 2004), should introduce incentives for driver's platform co-operatives to develop their ride-hailing platforms and also the members'

> adoption of electric vehicles in line with sustainable transport policies (Interviewee 18, Academia Representative).

Tax Incentives

To boost financial portfolios, the government should offer tax incentives to worker-platform co-operatives to reduce operational burdens and encourage sustainability under the various tax regimes.

A driver association leader stated that,

> Kenya Revenue Authority (KRA) should introduce a simplified tax category for ride-hailing drivers (e.g., turnover-based taxation) in co-operatives, tax breaks for the ride-hailing co-operatives, tax incentives for ride-hailing platforms owned by platform co-operative, and tax incentives for electric ride-hailing vehicles owned by drivers in those platform co-operatives (Interviewee 14, Ride-Hailing Association Official).

Furthermore, the government should introduce a simplified tax system and conduct tax education for e-drivers in worker-platform co-operatives, to help them apply digital filing tools to reduce compliance burdens.

Fair Revenue Distribution

To ensure fair compensation for drivers while maintaining the operational sustainability of ride-hailing platforms, the worker-platform co-operative should be supported in developing or pushing for fair pricing and revenue-sharing models, whether their driver members are using co-operative platforms or other companies' platforms.

A leader of an e-drivers' group said,

> As one of the e-driver association leaders, we have made our cries to be heard. Now, the ride commission rates have been capped at about 18% by the new National Transportation and Safety Authority (NTSA) regulations to ensure drivers' fair pay and mitigate high operational costs.....…… Uber was charging us 25% before, while Bolt (formerly Taxify) was charging 20%. Now, new entrants in space are charging lower commissions than the NTSA rates. The Little Cab's commission rate is about 15%, while Yego Mobility's commission rate is 12%. .....Yego Mobility entered our market and committed to sharing its 10% dividends with a Savings and Credit Co-operative for e-drivers. (Interviewee 15, Ride-Hailing Association Official).

For the worker-platform co-operative of drivers to compete favourably, a government official emphasized that,

> Relevant agencies should enforce competition policies and laws to regulate NTSA-capped commission rates of 18%, establish a base fare threshold to prevent predatory pricing, mandate algorithm transparency for fair pricing and income predictability and prevent unfair market monopoly, control and dominance practices by capitalistic platform companies (Interviewee 9, National Government Official).

The worker-platform co-operatives should be supported to partner with fintech solutions providers for commission-free transactions and mandated instant payout systems for driver earnings of their drivers.

Market Accessibility

To create and expand the clientele base for ride-hailing platforms owned and used by worker-platform co-operatives, institutions like the Ministry of Trade, Investment and Industry and the Kenya Tourism Board (KTB) should support the respective worker-platform co-operatives to conduct public awareness-raising

and campaign activities and build strategic partnerships with businesses and institutions.

A governmental official also said:

> Like we are doing in Nairobi City County, county governments with urban areas should also integrate ride-hailing platform co-operatives into local transport systems to increase market access, for drivers in the new worker-platform co-operatives (Interviewee 10, County Government Official).

Moreover, developing integrated transport policies allows ride-hailing co-operatives to partner with public transport providers such as matatus and trains. This will create a ride-hailing and public transport integration framework for last-mile connectivity.

Insurance and Risk Management

To curb driver and passenger insecurity, including hijackings, assaults, and robberies, platform co-operatives require stronger agency coordination between NTSA, law enforcement, and ride-hailing companies. This will enhance the implementation of such measures as mandatory panic buttons linked to the police, establishing real-time driver and passenger verification, and enforcing strict background checks for drivers and passengers or riders.

Moreover, the government should also promote the formation and operation of worker-platform co-operatives with their ride-hailing platform by supporting them to mitigate business insurance risks. A driver association leader stated that,

> NTSA should create a special vehicle category for ride-hailing. This could streamline licensing structures and ensure affordable insurance options

> tailored to ride-hailing platform co-operative members (Interviewee 16, Ride-Hailing Association Official).

Furthermore, the government should work with the worker-platform co-operatives to develop convenient pensions, savings and healthcare schemes for drivers in worker-platform co-operatives, including the Social Health Insurance Fund (SHIF) and the National Social Security Fund (NSSF).

4.3.4 Governance and Institutional Strengthening

Democratic Governance

The ideal governance structure and related bylaw models for worker-platform co-operatives should be developed. A government official highlighted that:

> We are committed to amending co-operative laws that legally recognize worker-platform co-operatives. In this regard, we are re-thinking developing and implementing suitable governance structures for this type of co-operatives to ensure equitable decision-making, transparent leadership, and accountability mechanisms (Interviewee 1, National Government Official).

The State Department of Co-operatives (SDC) should provide oversight to prevent the exploitation of co-operative members. Moreover, worker-platform co-operatives should be supported to undertake regular governance transparency and financial accountability and reporting.

Capacity Building and Training

The Co-operative Alliance of Kenya (CAK) and the Co-operative University of Kenya (CUK) should provide training programs to government officers and

co-operative leaders and members on worker-platform co-operative concepts, management, digital literacy, financial sustainability, and legal compliance.

A representative from the co-operative training institution said,

> Some of the international agencies we are partnering with to train stakeholders on worker-platform co-operatives include German Co-operative and Raiffeisen Confederation (DGRV) and Democracy at Work Institute (DAWI), Platform Cooperativism Consortium (PCC) and International Co-operative in Digital Economy (ICDE) (Interviewee 18, Academia Representative).

The training institutions should provide a mix of theoretical and practical knowledge by offering valuable resources, tools, workshops, networking, and expert advice to help individuals and organizations navigate the platform co-operative model, fostering worker ownership in digital platforms, and growth of the co-operative movement in the digital economy.

The heightened awareness-raising, capacity building and training programs will improve knowledge, skills and attitudes on worker-platform co-operatives in the country. E-drivers could use the co-operative model effectively in addressing their employment issues in the ride-hailing ecosystem.

Intergovernmental and Inter-County Co-operative Collaboration

The county governments should collaborate with the national agencies to ensure national regulations compliance within their territories, while implementing measures to tackle issues unique to their counties, such as traffic congestion and public safety.

A lawyer from the Law Society of Kenya opined that,

> Agencies like NTSA, the Competition Authority of Kenya, the Co-operative Alliance of Kenya, and county transport departments may form technical working groups to streamline policy implementation and resolve disputes between ride-hailing companies and drivers' co-operatives (Interviewee 17, Legal Experts Representative).

A government official said,

> County governments through the Council of Governors (CoG) should continuously advocate for fair compensation for drivers forming platform co-operatives. They can also establish specific parking and designated pick-up and drop-off zones for co-operative ride-hailing vehicles to manage traffic flow and enhance safety. They can also reduce local levies or fees on drivers in co-operatives, and introduce welfare programs with drivers' co-operatives, to support driver welfare, including training and safety measures (Interviewee 10, County Government Official).

To address the confusion in the county governments' jurisdiction and foster interoperability, the formation of cross-county border worker-platform co-operatives is important. For instance, the drivers operating in the Nairobi Metropolitan region – of Kiambu, Nairobi City, Machakos and Kajiado counties should simply form and operate one worker-platform co-operative.

The work-platform co-operatives in the ride-hailing sector should be blended into the country's co-operative movement, which has been predominantly for physical business co-operatives such as agriculture, housing, and savings and credit co-operatives (SACCOs).

A government official said,

> The Co-operative Alliance of Kenya (CAK) should go beyond and develop a platform co-operative committee within, to promote and federate these

> co-operatives where possible, for we want to see their economic impact in the country (Interviewee 2, National Government Official).

Moreover, the emerging worker-platform co-operatives in ride-hailing services should foster alliances with established co-operatives in technology, finance and training sectors to leverage shared resources, expertise, and market access.

Therefore, a multi-agency approach is necessary to promote worker-platform co-operatives in the ride-hailing sector while balancing platform regulations, driver welfare, fair pricing, and local economic development. Strengthening intergovernmental coordination will ensure that ride-hailing services in the country remain sustainable, competitive, and inclusive.

5. Discussion

The findings of this study on the regulatory framework for worker-platform co-operatives in Kenya's ride-hailing sector align with and challenge existing literature on platform co-operatives and digital labour governance. By examining the existing regulatory components, challenges, and reform recommendations, this study provides a greater understanding of the intersection between digital platform regulation, labour rights, and co-operative development and governance.

5.1 Regulatory Components

This study identifies key regulatory components, including ride-hailing platform licensing requirements, co-operative promotion and development, co-operative governance structures, financing and tax incentives, and labour and data protection laws. The regulation framework in Kenya is highly complex. It involves at least eight (out of the 22) government ministries (as established by the Constitution of Kenya, 2010), 25 regulatory agencies, and 36 different laws (see Appendix II) that directly intersect with and impact ride-hailing work and

worker-platform co-operatives; in realization of the country's Vision 2030 that outlines the economic goals including job creation, mobility, and economic empowerment.

Significantly, three ministries and related laws are significant for the successful promotion and development of worker-platform co-operatives in the ride-hailing sector. The National Transport and Safety Authority (NTSA) Act (CAP 404 of 2012), and the Transport Network Companies (TNC) regulations (under Kenya Subsidiary Legislation Legal Notice No. 120, 2022) are the engine for a fair ride-hailing ecosystem in the country. The ICT policy, data protection law and related sets of regulations, under the Ministry of Information, Communications, and the Digital Economy, aim to balance the legitimate needs of organizations to process personal data with the fundamental rights of individuals to privacy and data protection. The Ministry of Labour and Social Protection laws collectively work towards creating a fair, safe, and regulated environment for workers, including those in the ride-hailing sector. They ensure that drivers' rights are protected, promote occupational safety, and facilitate access to social benefits, making them integral to the ecosystem in which ride-hailing actors operate.

Therefore, the regulatory framework for the promotion and strengthening of drivers' worker-platform co-operatives by the State Department of Co-operatives in the country should significantly revolve around these agencies and laws. The nature of the country's regulatory environment for promoting co-operatives and regulating the ride-hailing sector could address the five fairwork principles of fair pay, contracts, conditions, platform management, and representation, as defined by Graham et al. (2020).

Similar findings were reported in global studies on platform co-operatives, which highlight the necessity of a supportive legal framework for their sustainability (Scholz & Schneider, 2017; Vallas & Schor, 2020).

However, unlike in more developed co-operative ecosystems, where digital labour laws are relatively advanced, like the European Union's Platform Work

Directive, Kenya's regulatory framework remains fragmented—particularly in terms of ICT, transport, labour, and co-operatives. This fragmentation creates serious overlapping mandates and compliance burdens for ride-hailing platforms and worker-platform co-operatives (Omondi, 2021). They often treat platform co-operatives similarly to traditional co-operatives rather than acknowledging their digital nature.

5.2 Regulatory Challenges

This study, from the regulatory components emanating from the Constitution of Kenya 2020 and Vision 2030 and related ministries and laws, highlights several challenges. These include limited legal recognition of worker-platform co-operatives, lack of sensitization on digital infrastructure ownership and management by driver co-operatives, curtailed co-operativism advocacy for drivers' labour rights and social protections, limited capacity of co-operatives to address concerns of public safety, security and law enforcement compliance in the ride-hailing sector, financial and taxation barriers for platform co-operatives, and uncoordinated governance structure between ride-hailing and co-operative sectors. The e-drivers' quest to experience fairwork principles – of fair pay, contract, conditions, management and representation (Graham et al., 2020) – could be an illusion.

Legal court cases have also compounded these challenges, especially between platform workers and ride-hailing companies. Due to high legal fees and time-consuming litigation processes, worker-platform co-operatives may be reluctant to engage in legal battles to assert their rights, further exacerbating their vulnerabilities in the platform economy.

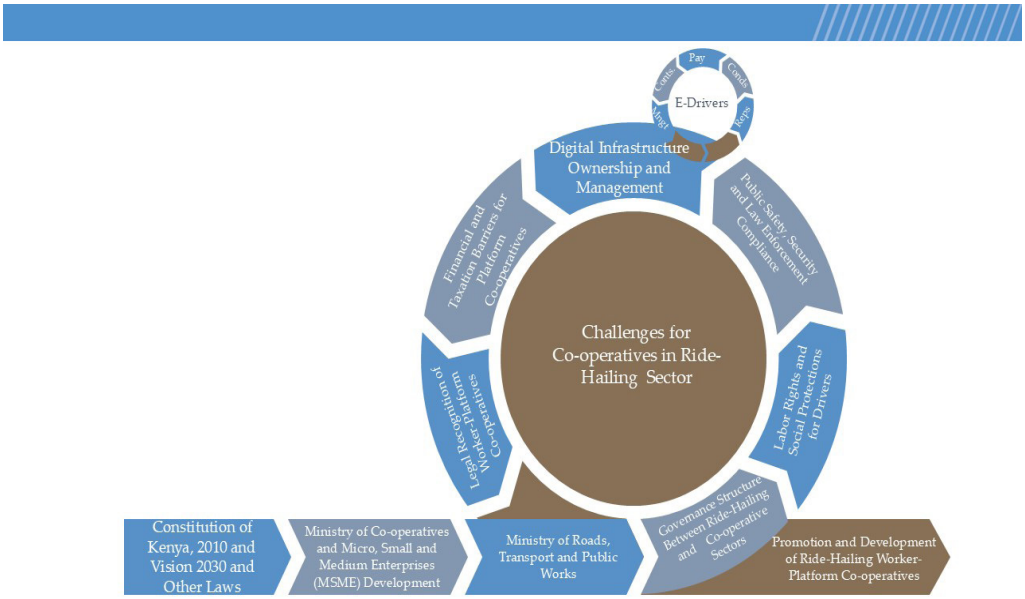
Pay
Costs
Rates
E-Drivers
Digital Infrastructure Ownership and Management
Public Safety, Security and Law Enforcement Compliance
Labor Rights and Social Protections for Drivers
Promotion and Development of Ride-Hailing Worker-Platform Co-operatives
Governance Structure Between Ride-Hailing and Co-operative Sectors
Ministry of Roads, Transport and Public Works
Ministry of Co-operatives and Micro, Small and Medium Enterprises (MSME) Development
Constitution of Kenya, 2010 and Vision 2030 and Other Laws
Legal Recognition of Worker-Platform Co-operatives
Financial and Taxation Barriers for Platform Co-operatives
Challenges for Co-operatives in Ride-Hailing Sector

Figure 5: Illustration of the Challenges for Promoting and Developing Strong Worker-Platform Co-operatives in the Ride-hailing Sector.

These findings confirm previous research that indicates regulatory uncertainty as a significant barrier to worker co-operatives' promotion and development in the digital economy (ILO, 2021). However, this study contradicts prior assumptions that worker-platform co-operatives can fully mitigate labour precarity through self-governance (Forde et al., 2017). Instead, this study's findings suggest that worker-platform co-operatives remain vulnerable to exploitation by dominant ride-hailing platforms and regulatory bottlenecks without tailored legal protections and regulatory adaptations.

5.3 Regulatory Reform

In the promotion and development of a synergistic worker-platform co-operative regulatory framework for the ride-hailing sector, the study found four broad areas of required reforms. These include policy and regulatory framework, technological and digital infrastructure, financial and economic sustainability, and governance and institutional strengthening. In terms of policy and regulatory framework, the framework should explicitly recognize the

platform co-operatives based on clarity of laws, which are inclusively formulated and aligned with the county governments' laws. In terms of technological and digital infrastructure, the framework should support co-operatively and locally developed, co-owned and co-managed competitive ride-hailing platforms, which are integrated with the national digital systems. In terms of financial and economic sustainability, the framework should define and establish accessible co-operative development funds and tax incentives; guide co-operative members on fair revenue distribution; support ride-hailing co-operative structures with other transport systems; and guide co-operative members on insurance and risk management. In terms of governance and institutional strengthening, the framework should guide co-operatives on their required unique democratic governance structure, provide capacity development and training initiatives, and encourage intergovernmental and inter-county co-operative collaboration.

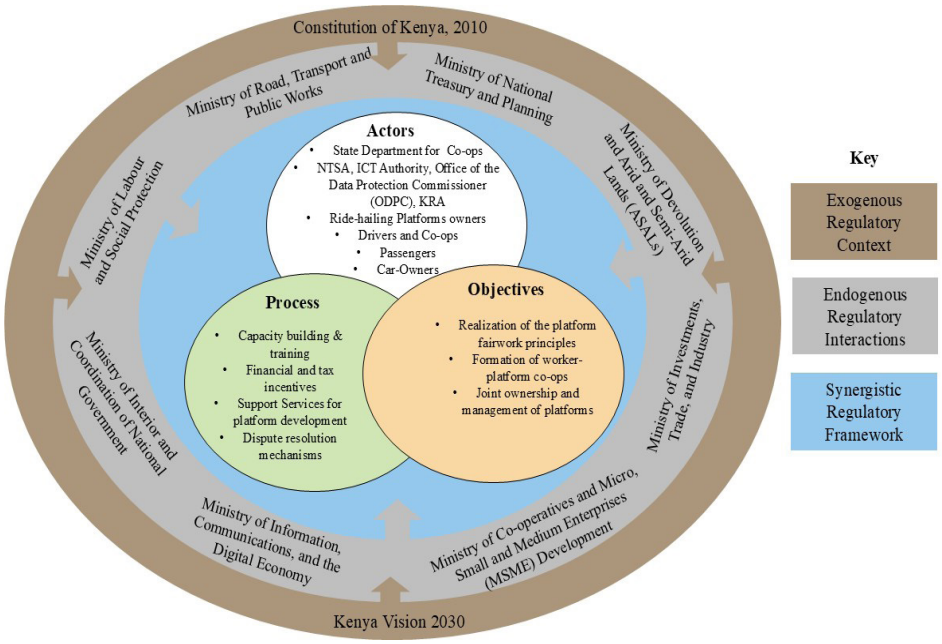
Constitution of Kenya, 2010
Ministry of Road, Transport and Public Works
Ministry of National Treasury and Planning
Ministry of Devolution and Arid and Semi-Arid Lands (ASALs)
Ministry of Investments, Trade, and Industry
Ministry of Co-operatives and Micro, Small and Medium Enterprises (MSME) Development
Ministry of Information, Communications, and the Digital Economy
Ministry of Interior and Coordination of National Government
Ministry of Labour and Social Protection
Kenya Vision 2030
Actors
State Department for Co-ops
NTSA, ICT Authority, Office of the Data Protection Commissioner (ODPC), KRA
Ride-hailing Platforms owners
Drivers and Co-ops
Passengers
Car-Owners
Process
Capacity building & training
Financial and tax incentives
Support Services for platform development
Dispute resolution mechanisms
Objectives
Realization of the platform fairwork principles
Formation of worker-platform co-ops
Joint ownership and management of platforms
Key
Exogenous Regulatory Context
Endogenous Regulatory Interactions
Synergistic Regulatory Framework

Figure 6: A Synergistic Regulatory Framework for Worker-Platform Co-operatives in the Ride-Hailing Sector

In essence, a country-fit regulatory framework for worker-platform co-operatives in Kenya's ride-hailing sector should emphasize a synergy between government agencies coordinated by NTSA, established and new-entrant ride-hailing companies, car owners, passengers or riders, and driver associations, is inevitable. This collaborative and inclusive approach could help address the regulatory challenges while creating a more equitable and sustainable ride-hailing ecosystem, where e-drivers would experience better pay, work contracts, working conditions, platforms' management, and social representation (Figure 6).

These are aligned with international recommendations advocating regulatory adaptability in digital work (OECD, 2022). Furthermore, Kenya-specific regulatory adjustments, such as integrating co-operative principles into ride-hailing laws, reflect similar models observed in Latin America, where countries like Argentina have tailored co-operative digital work policies (De Stefano, 2019).

First, the Kenyan government should draw lessons and benchmarks in other countries – especially in Eastern Europe and North America – with thriving ride-hailing ecosystems where the e-drivers are at the core through the worker-platform co-operatives (Bunders et al., 2022) or in African countries like Ghana, where there is an established relationship between e-drivers and riders (Pasquali et al., 2022) or in South Africa, where worker-platform co-operative by e-drivers such as "Trip Rider SA" co-operative are emerging (Farouk, 2022).

Second, government agencies should adequately enforce NTSA regulations (under Kenya Subsidiary Legislation Legal Notice No. 120, 2022). They should then draw lessons and benchmark the elements of a collaborative and inclusive institutional and its operationalization from successful across the world (Pentzien, 2020; Tambini & Moore, 2021; Scholz et al., 2021; Bühler et al., 2023; Parikh, 2023; Rijpens et al., 2023).

These scholars argue that each country's regulatory frameworks for worker-platform co-operatives have their characteristics while they share those of public

legal systems. Worker-platform co-operatives' institutional frameworks should be self-organized distinctively in different societal contexts as they become explicit on critical issues.

First, the regulatory framework should emphasize that the challenges associated with competing digital markets will require innovative institutional frameworks – strategies, policies, legislations and regulations – more generally, not just to benefit ride-hailing drivers but also to be favourable to other actors. Such solutions may include antitrust and interoperability law, government loans and tax incentives, worker-platform co-operatives' working group policy and legal provisions, co-operativism exemption regulation, employee ownership legislation, city task forces, conditional bailouts, technological partnerships, and worker-platform co-operatives' regulator.

Second, the regulatory frameworks should be harmonized to foster digital inclusion, open standards, and data governance, encouraging platform workers to participate in worker-platform co-operatives and promote an equitable platform economy. Emphatically, regulatory frameworks should address trust and transparency, innovation and adoption, stakeholder engagement, data sharing and access management, data quality and standardization, governance and decision-making, technological infrastructure and scalability, education, financing, and capacity building.

Significantly, it is worthwhile to note from the global examples that the regulatory frameworks for worker-platform co-operatives in the country, should be self-adaptative (responsive and reflexive regarding actors, objectives, and processes to enable and promote worker-platform co-operatives) across existing and related government ministries and laws; in a way that cannot, by definition, be entirely captured by ex-ante design, while "self-referencing" (Luhmann, 2004), with positive best practices and models elsewhere.

However, this study challenges overreliance on government intervention in the development of a synergetic regulatory framework for worker-platform

co-operatives in the ride-hailing sector, as this may hinder the required speedy process. The study emphasizes the role of emerging ride-hailing co-operative associations through the co-operative apex body in lobbying for ride-hailing sector-specific reforms, a perspective less explored in previous literature.

6. Conclusions and Recommendations

In sum, this study corroborates, refines, and challenges existing research on the regulation of worker-platform co-operatives. While global trends support the need for regulatory reform, Kenya's unique platform economy dynamics require a localized approach that aligns co-operative principles with digital labour policies.

The study concluded that numerous agencies and laws were taking significant steps to structuring the ride-hailing sector, focusing on fair treatment, safety, and the welfare of e-drivers including a rallying call for drivers' co-operativism – collective action and social representation. The ongoing evolution of these regulations reflects the dynamic nature of the platform economy and the need for adaptive legal frameworks.

However, the study equally found the fragmented nature of the existing institutional framework for the promotion of worker-platform co-operatives in the ride-hailing sector. Limited coordination among government agencies and unharmonized pieces of numerous laws were the greater part of the barriers to promoting worker-platform co-operatives in the ride-hailing sector. NTSA is at the core of the ride-hailing sector and should play an active role in facilitating dialogue between key actors and aligning regulatory policies across other agencies in the eight national government ministries, the council of governors (representing county governments), ride-hailing platform companies, the co-operative apex body, the emerging worker-platform co-operatives. This is to ensure a coherent approach to managing the ride-hailing sector and promoting and governing worker-platform co-operatives in this sector.

The promotion and success of a driver-owned platform co-operative model can only thrive if the country adopts progressive and autopoietic co-operative, transport, digital technology, and labour regulations. By continuously reforming and harmonizing existing laws and introducing targeted incentives, the country can create fair, competitive, and sustainable worker-platform co-operatives in the ride-hailing sector.

Therefore, a collaborative and inclusive institutional framework for worker-platform co-operatives in the ride-hailing sector is essential for addressing the challenges of unfair labour practices, digital platform monopolies, and economic insecurity. This institutional framework should strive to strengthen the diverse policy and regulatory frameworks, promote technological and digital infrastructure development, ensure financial and economic sustainability, and build governance and institutional capacities. Such a framework will enable the promotion of a worker-platform co-operative model that empowers drivers, enhances service quality, and promotes equitable digital work ecosystems of the ride-hailing sector. The integration of worker-platform co-operatives into the country's co-operative movement, alongside multi-stakeholder collaboration in the ride-hailing sector, will contribute to a more sustainable and fairer ride-hailing sector.

This study report will enable the policymakers and co-operative practitioners to understand the significant provisions for inclusion in the progressive institutional framework for worker-platform co-operatives and a fair ride-hailing economy.

Additionally, it contributes to existing discourse by bridging the gap between worker co-operative development and digital labour law, especially in the ride-hailing sector. It provides empirical insights that challenge assumptions of regulatory neutrality in platform economies and highlights the necessity of worker-centred policy adaptations. Policymakers can leverage these findings to design a more inclusive regulatory framework for worker-platform co-operatives that balance co-operative autonomy with fair competition in the ride-hailing sector.

However, this study might have been limited in several ways. As a qualitative study, the findings may not be generalizable to other contexts beyond Kenya, and the results were dependent on the specific perspectives of the 16 participants. The purposive sample may have limited the diversity in experiences, though it provided detailed insights from key stakeholders (Morse et al., 2019).

Future research could explore the impact of emerging regulatory changes on worker livelihoods and co-operative sustainability in the platform economy. Moreover, future studies could explore the practical feasibility of promoting and operating platform co-operatives within the ride-hailing sector in Kenya, focusing on pilot projects and case studies in other countries where such models have been successfully implemented. Additionally, exploring the legal and financial frameworks that would facilitate co-operative governance in the gig economy would provide valuable insights for policymakers and stakeholders in the sector.

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Appendices

Appendix I: Interviewees' Category List

Respondents Category	Interviewee Number
Ministry of Co-operatives and Micro, Small, and Medium Enterprises (MSME) Development	Interviewee 1, National Government Official
Ministry of Co-operatives and Micro, Small, and Medium Enterprises (MSME) Development	Interviewee 2, National Government Official
Ministry of Roads, Transport and Public Works	Interviewee 3, National Government Official
Ministry of Roads, Transport and Public Works	Interviewee 4, National Government Official
Ministry of Information, Communications, and the Digital Economy	Interviewee 5, National Government Official
Ministry of Labour and Social Protection	Interviewee 6, National Government Official
Ministry of National Treasury and Planning	Interviewee 7, National Government Official
Ministry of Interior and Coordination of National Government	Interviewee 8, National Government Official
Ministry of Investments, Trade, and Industry	Interviewee 9, County Government Official
Ministry of Devolution and Arid and Semi-Arid Lands (ASALs) - Nairobi City County Government	Interviewee 10, County Government Official
Ride-Hailing Platform Company A	Interviewee 11, Platform Company Official
Ride-Hailing Platform Company B	Interviewee 12, Platform Company Official
Co-operative Alliance of Kenya	Interviewee 13, Co-operative Body Official

Respondents Category	Interviewee Number
Ride-Hailing Association A	Interviewee 14, Driver Association Official
Ride-Hailing Association B	Interviewee 15, Driver Association Official
Ride-Hailing Association C	Interviewee 16, Driver Association Official
Law Society of Kenya	Interviewee 17, Legal Experts Representative
The Co-operative University of Kenya	Interviewee 18, Academia Representative

Appendix II: Government Ministries, Agencies, Policies, Legislation, and Regulations Impacting the Platform Co-operative and Ride-Hailing Sector

Ministry	Agencies	Policies, Legislation and Regula
1. Ministry of Roads, Transport and Public Works	1. National Transport and Safety Authority (NTSA) 2. Transport Licensing Board (TLB) 3. Transport Integrated Management System (TIMS)	1. Traffic (Amendment) Act (CAP 403) of 2019. 2. National Transport and Safety Authority (NTSA) Act (CAP 404 of 2012). 3. Transport Network Companies (TNC) regulations (under Kenya Subsidiary Legislation Legal Notice No. 120, 2022)
2. Ministry of Co-operatives and Micro, Small and Medium Enterprises (MSME) Development	4. State Department for Co-operatives 5. Co-operative Alliance of Kenya (CAK) 6. State Department for Micro, Small, and Medium Enterprises (MSME) Development 7. Micro and Small Enterprises Authority (MSEA)	4. National Co-operative Policy (Sessional Paper Number 4 of 2020) 5. Co-operative Amendment Bill (2024) 6. Micro and Small Enterprises Act (CAP 499C of 2012)

Ministry	Agencies	Policies, Legislation and Regula
3. Ministry of Information, Communications, and the Digital Economy	8. ICT Authority 9. Office of the Data Protection Commissioner (ODPC)	7. National Information, Communications and Technology (ICT) Policy 2019 8. Digital Economy Blueprint 2019 9. Data Protection Act (No. 411 of 2019) 10. Data Protection (General) Regulations (Legal Notice 263 of 2021), 11. Data Protection (Complaints Handling and Enforcement Procedures) Regulations (Legal Notice 264 of 2021) 12. Data Protection (Registration of Data Controllers and Data Processors) Regulations, (Legal Notice 265 of 2021)

Ministry	Agencies	Policies, Legislation and Regula
4. Ministry of Labour and Social Protection	10. National Labour Board (NLB) 11. National Industrial Training Authority (NITA) 12. Labour and Employment Court (LEC) 13. Social Health Insurance Fund (SHIF) 14. National Social Security Fund (NSSF) 15. Retirement Benefits Authority (RBA)	13. Employment Act (CAP 226 of 2007) 14. Employment (General) Rules (Legal Notice 28 of 2014) 15. Industrial Training Act (Act 3 of 2024) 16. Industrial Training (Trade Testing) Regulations (Legal Notice 100 of 2021) 17. Employment and Labour Relations Court Act (CAP 8E of 2011) 18. Occupational Safety and Health Act (CAP 15 of 2007) 19. National Social Security Fund Act (Cap. 258 of 2022) 20. Retirement Benefits Act (CAP 197 of 1997 Amendment of 2023) 21. Retirement Benefits (Occupational Retirement Benefits Schemes) Regulations (Legal Notice 119 of 2000)

Ministry	Agencies	Policies, Legislation and Regula
5. Ministry of National Treasury and Planning	16. Kenya Revenue Authority (KRA)	22. Value Added Tax (VAT) Act (No. 35 of 2013) 23. National Treasury (National Payment Systems) Regulations (Legal Notice 109 of 2014) 24. Tax Procedures Act (CAP 469B of 2015) 25. Excise Duty Act (No. 23 of 2015) 26. Income Tax Act (No. 22 of 2022) 27. Banking Act (Cap 488 as of December 27, 2024)
6. Ministry of Interior and Coordination of National Government	17. National Police Service (NPS) 18. Directorate of Criminal Investigations (DCI) 19. Department of Immigration Services (DIS) 20. National Registration Bureau (NRB)	28. Computer Misuse and Cybercrimes Act (CAP 49C of 2018) 29. Proceeds of Crime and Anti-Money Laundering Act (No. 9 of 2009) and (No. 9 of 2009) 30. Proceeds of Crime and Anti-Money Laundering Regulations (Legal Notice 153 of 2023)

Ministry	Agencies	Policies, Legislation and Regula
7. Ministry of Investments, Trade, and Industry	21. Competition Authority of Kenya (CAK) 22. Kenya Bureau of Standards (KEBS) 23. Kenya Investment Authority (KenInvest)	31. Competition Act (No. 12 of 2010) 32. Investment Promotion Act (CAP 485B of 2004) 33. Standards Act (No. 23 of 2019) 34. Trade Descriptions Act (No. 15 of 2003) 35. Consumer Protection Act (No. 46 of 2012),
8. Ministry of Devolution and Arid and Semi-Arid Lands (ASALs)	24. County Governments 26. Council of Governors (CoG)	36. County Governments Act (No. 17 of 2012)

Appendix III: Institutions Partnering with Co-operative University of Kenya

Co-operative Institutions	Description
United States of America	
Democracy at Work Institute (DAWI)	DAWI offers training and resources for worker co-operatives, including those in the platform economy. They provide workshops, technical assistance, and resources for workers transitioning into co-operatives. Website: https://institute.coop/
Platform Cooperativism Consortium (PCC) and International Co-operative in Digital Economy (ICDE).	Based at The New School in New York City, the Platform PCC supports the development of platform co-operatives. They offer educational resources, conferences, and an online community for worker platforms. Website: https://platform.coop
US Federation of Worker Co-operatives (USFWC)	USFWC offers training, networking, and resources for worker co-operatives across various sectors, including platform co-operatives. They organize events like the annual Worker Coop Conference and have resources on platform co-ops. Website: https://www.usworker.coop/en/
Germany	
German Co-operative and Raiffeisen Confederation (DGRV)	DGRV is a central body representing co-operative organizations in Germany. They provide various training and resources related to co-operative business models, including digital and platform co-operatives. Website: https://www.dgrv.de/

Co-operative Institutions	Description
Co-operative Network for Platform Co-operatives (KoopNet)	This German network provides resources and training for platform co-operatives. It aims to support the development of co-operatives in the digital economy, with a focus on worker co-operatives. Website: https://www.koopnet.de/
United Kingdom	
Co-operative College	The Co-operative College in the UK offers education on co-operative models, with some programs focusing on worker and platform co-operatives. They also provide online courses and training. Website: https://www.co-op.ac.uk/
Co-operatives UK	Co-operatives UK is the national trade body representing the co-operative sector in the UK. They offer training, workshops, and support for the development of worker co-operatives and platform co-operatives. Website: https://www.uk.coop/platform-cooperatives
Canada	
Canadian Worker Co-op Federation (CWCF)	CWCF provides support, training, and resources for worker co-operatives across Canada. They offer programs on co-operative management, governance, and worker-owned businesses. Website: https://canadianworker.coop/

Co-operative Institutions	Description
Centre for the Study of Co-operatives (University of Saskatchewan)	The Centre offers educational programs, research, and resources on co-operative governance and business models, including platform co-operatives. They have specialized courses on worker co-operatives. Website: https://www.usask.ca/

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Platform
Cooperativism
Consortium

INSTITUTE
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